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Total Deleted Page(s) = 22

Page 54 ~ Duplicate;
Page 59 ~ b6; b7C;
Page 61 ~ Duplicate;
Page 63 ~ Duplicate;
Page 119 ~ b6; b7C; b7D;
Page 120 ~ b6; b7C; b7D;
Page 121 ~ b6; b7C; b7D;
Page 122 ~ b6; b7C; b7D;
Page 123 ~ b6; b7C; b7D;
Page 124 ~ b6; b7C; b7D;
Page 125 ~ b6; b7C; b7D;
Page 126 ~ b6; b7C; b7D;
Page 127 ~ b6; b7C; b7D;
Page 128 ~ b6; b7C; b7D;
Page 129 ~ b6; b7C; b7D;
Page 130 ~ b6; b7C; b7D;
Page 131 ~ b6; b7C; b7D;
Page 132 ~ b6; b7C; b7D;
Page 133 ~ b6; b7C; b7D;
Page 134 ~ b6; b7C; b7D;
Page 135 ~ b6; b7C; b7D;
Page 136 ~ b6; b7C; b7D;

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THE JURISPRUDENTIA CLUB

P. O. BOX 2758
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808-325-7664

INTERVIEW WITH THE MAYOR OF THE CITY AND COUNTY OF HONOLULU
INTERVIEW WITH WILLIAM A. BARLOW, PROMINENT DEFENSE ATTORNEY

In Re

Indictments in the Kukui Plaza Bribery Case
Quid Pro Quo between Ariyoshi and the Press
THE GRAND JURY INSTITUTION
The Hawaii Crime Commission
Corruption in Public Office
Organized Crime

EXCLUSIVE

EXCLUSIVE

THE JURISPRUDENTIA PRESS

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Dear Reader,

THE JURISPRUDENTIA PRESS is the Propaganda Organ of THE JURISPRUDENTIA CLUB. The CLUB is a non profit organization dedicated to the analysis and determination of the Laws, investigation into the enforcement of such Laws, and the dissemination of recommendations pertinent thereto to the general public.

The interviews with Mayor Frank Fasi and William A. Barlow were conducted in late March of 1979 by our investigative reporter, David A. Walters, as part of a continuing series on the Grand Jury Institution.

One of the major functions of the Grand Jury is supposedly the protection of individuals from unjust prosecutions; however, such protection has appeared to be negligible subsequent to the American Revolution. During that period, colonists sitting on Grand Juries often refused to bring indictments against other colonists charged with crimes by the King's Attorneys. The Grand Juries would occasionally ignore the political harangues delivered to them by the judges, and would petition the government for redress of grievances. Such was the case with a 1770 Philadelphia jury, which refused to bring indictments; instead it proposed a program of protest against the British tea tax. Several juries went so far as to indict British soldiers and officials, but were stymied by the attorneys general refusal to follow up with prosecutions.

The British government became fed up with the harassing tactics of the colonial grand juries. It took steps to abolish the elective grand jury; however, as the rebellion against the Mother Country progressed, judges became sympathetic to the colonists grievances, and were praised by jurors for their "pure disinterested patriotism." Such was the primary/traditional role of the American Grand Jury: local resistance to central government authority. After the War for Independence was won, jurors were warned to be more temperate; after all, if they continued with their resistance to governmental authority, how could the new nation be secure?

When the United States Constitution went out to the Colonies for ratification, the Colonies proposed several amendments which were eventually adopted as the Bill of Rights, including the Fifth Amendment, which calls for presentments or indictments of a Grand Jury for infamous crimes. Therefore, it does appear that the Grand Jury described so briefly in the Constitution was adopted in the context of its primary/traditional role: resistance to governmental authority.

THE JURISPRUDENTIA CLUB has addressed Mr. Samuel Gerstein, Chairman Elect of the Criminal Justice Section of the American Bar Association on this point. Mr. Gerstein recently testified before a Congressional Subcommittee as to the ABA's calls for reforms of the Grand Jury System. One reform proposed was that a witness' lawyer should be present in the Grand Jury Room, but that such lawyer must not be allowed to take part in the proceedings. Mr. Gerstein cited as authority the primary/traditional role of the Grand Jury and the intention of the Drafters of the Constitution.

JURIS begged to differ, in an Open Letter, with Mr. Gerstein, stating that such lawyer would be nothing more than an Eunuch castrated of his constitutional power to represent and defend his client. Mr. Gerstein was asked for reference to early American documents and/or scholarly studies of such documents to support his understanding of the role and intentions. And, JURIS claimed that the position of the ABA had a prosecutorial bias. JURIS further pointed out that the ABA took absolutely no position on whether sufficient evidence should be presented in order to obtain an indictment, or so it said.

Mr. Gerstein replied that JURIS' position was unheard of, that he had no early documents in his possession, that he doubted if any scholarly studies existed, that the ABA was doing the best it could to reform the Grand Jury given the prosecutors' reluctance to tamper with the status quo, and that the abolishment of the Grand Jury would subject the entire Bill of Rights to the threat of abolishment, except for the First Amendment, which the Press would save.

JURIS replied that the very fact that prosecutors were not amenable to reforms proved that the Grand Jury was nothing but a tool for the prosecutor, rather than a device for the protection of the people. JURIS provided to Mr. Gerstein an example of the primary/traditional

role of the Grand Jury, if it were applied to modern times: the judge harangues the jurors that the Tax Revolt threatens the very integrity of the Nation. The prosecutor brings in his charge against an individual for Tax Evasion. The Grand Jurors, all of whom were elected, permits many people to come in and testify voluntarily. The Panel concludes that there appears to be probable cause to believe that the tax law was violated; however, it refuses to indict; instead, it states in a petition that the tax laws are an onerous burden on the people, resulting in their demoralization, and until the tax laws are greatly simplified, and as long as they sit as a panel, no indictments will be returned for tax related charges.

JURIS has received no further comment at this time from Mr. Gerstein.

It does seem that due to many reforms sponsored by Jurists, that the Grand Jury has become nothing more than a prosecutorial tool, and we must not kid ourselves about its present nature. Indictments are routinely returned as the prosecutor's behest, day in and day out; thus, the charge that the Grand Jury is nothing more than a prosecutor's "rubber stamp"; the prosecutor can always say that, after all, the Grand Jury did indict, didn't it? This passes the buck to the people: the people did it, not the prosecutor. The worst complaint against the Grand Jury is that as a "rubber stamp", it subjects individuals to political oppression. Therefore, as recently exhibited on television, the "Grand Jury is an "Institution Under Fire."

However, we must not forget the most important factors. 1) the prosecutor has enormous discretion in making the charging decision. Even though he is sure to get an indictment and a conviction, he may still, for certain reasons, not seek indictment or conviction of the suspect. If pressure is put upon him to bring the charge, he still may pass the buck by presenting his case to the Grand Jury in such a manner as will cause them to refuse to indict; on the other hand, an abuse of his discretion will result in political oppression, 2) the prosecutor must be efficient if he desires to gain a reputation as a good prosecutor; therefore, he will not bring his charge to the Grand Jury, even though he knows he can obtain an indictment, unless he is certain of

the convictability of the suspect. That is, due to his experience with trial judges and trial juries, he knows that he has an excellent chance of getting a conviction at the trial. Otherwise, his record will be quite poor. On the other hand, the bad prosecutor will seek an indictment for simple political reasons, as a result of pressure from the top. MAYOR FASI believes that this occurred in his case.

The SPECIAL PROSECUTOR is a SPECIAL PROBLEM. He is under great pressure to secure an indictment in ONE CASE. If he is known as a HIRED GUN for this purpose, he must justify his usually HIGH PAY. He has a greater ECONOMIC MOTIVE. If he comes in and says, after a short period of time, that he does not feel a CONVICTION is possible, he will be SENT HOME. He is also usually subject to GREAT PUBLICITY, which enforces his reputation as a SPECIAL GUNSLINGER.

Therefore, JURIS believes that the only sufficient charge leveled at the Grand Jury itself is that the jurors are not qualified to handle the charges. This is a result of a lack of education. It may be that the government has a vested interest in keeping the jurors uneducated, as part of its "reform" of the Grand Jury Institution.

Moreover, if we are to put the finger on someone, perhaps we should put it onto the PROSECUTOR, and his abuse of his DISCRETION in making the CHARGING DECISION. The People's Panel supposedly stands between the accused and the Court. It has been said that the best method for bringing the charging decision about is the open preliminary hearing. However, there we must also depend on a human being: the magistrate, and his integrity.

You will notice that we have made very little comment on the interviews with Mayor Fasi and William A. Barlow. Both of those gentlemen are concerned with the abuse of the People's Right to Know by the established Press, in the form of editorial comment and reporter bias. Of course, when given a multitude of facts, the reporter must make a selection of those facts which he feels will represent in a fair manner the situation. He tries to be objective, and have no point of view. If he has no point of view, he is a non person incapable of making any decision. Nonetheless, our reporter, David Walters, has said little on the content of the interviews, but since, for now, he is also our editor, he does state that, as a whole, the Grand Jury in this article, has

been presented as an instrument for prosecutorial misconduct. The truth of the charges made herein is not known.

JURIS has made a request upon the Administrative Judge for a copy of the secret Grand Jury Transcripts, on the basis that they contain important political material, perhaps evidence of the conduct of the prosecutors before the Grand Jury which returned the Fasi/Chung indictment, and on the basis that release of the Transcripts will pose no substantial harm to any person except the prosecutors, and they are not entitled to such protection of secrecy.

Furthermore, if the charges leveled at the prosecutors and the Ariyoshi Administration are true, then may those prosecutors be indicted? The situation has therefore been described in general terms to Mr. Zenker, Deputy Attorney General, asking him if such conduct would be a Class C Felony, or bribery of a witness, and where the charges may be brought and investigated. Mr. Zenker should consider the request carefully, since he assisted in the prosecution of the Mayor and Mr. Harry Chung.

The Mayor speaks out strongly on the Press. The City and County of Honolulu is presently suing the Advertiser/Star Bulletin for alleged violation of the Antitrust Laws. Buck Buchwach, Executive Editor of the Advertiser, has read the Fasi Transcript presented herein, and has stated in a letter, "Now that I've read it, I really didn't find anything that the Mayor hasn't alleged before....I have made known before my evaluation of his (Fasi's) accuracy on most of the subjects he discusses and have no further comment at this time."

JURIS will contact Mr. Buchwach of the ADVERTISER in hopes he will in the future make some comment on the Mayor's charges in re the handling of Marilyn Bornhorst's charges against the City Council. We understand that the police, the FBI, and others are looking into her charges, and that certain folks expect an apology if her charges have no ground. So, someone has asked her to Put Up or Shut Up. We wonder if it's the ADVERTISER?

You will notice a reference to a citizen who has asked the Hawaii Crime Commission for a Special Independent, Extraordinary (for Hawaii) Grand Jury. That request was

in fact made by JURIS as its response to all the mucky muck about the 'linkage' between organized crime and government officials. The Crime Commission has proposed that the regular grand juries be abolished, and that an Investigative Grand Jury be obtained to look into official misconduct. Since the Commission authored the famous report on Organized Crime, which created so much heartache in this State, we suppose that they mean Organized Crime as well when they speak of official misconduct; due to the wide publication of terrible allegations prior to the gubernatorial election, many folks still believe that Organized Crime and the Highest Levels of Government are one and the same. Mind you, the Grand Jury proposed, as defined in JURIS letters, is a RUNAWAY GRAND JURY charged with bringing all necessary indictments and presentments for the protection of the people. We feel the court, when the public interest so requires, may call such a Grand Jury....We look to the following, A Treatise on the Organization, Custody and Conduct of Juries Including Grand Juries, by Seymour D. Thompson and Edwin G. Merriam, St. Louis, 1882, for ideas:

"Sec. 612. Matters of General Notoriety given in Charge by Court,-It is everywhere conceded to be within the province, if not the particular function of the court, to direct the attention of the grand jury to the investigation of such violations of law as are of common report in the community; to enjoin a searching scrutiny of the causes, and a presentment of persons, against whom, in their judgment, well founded complaints exist..."Citing McCullough v. Com., 67 Pa. St. 30,33, and others.

It is notable that the book above comes to us from the 19th century, where Grand Juries were famous for ridding communities of Organized Crime and Public Corruption. However, Mayor Fasi has said that this can be very dangerous, and that alot of people will get squashed just to get a few criminals. But this is our little way of saying to the HAWAII CRIME COMMISSION, PUT UP OR SHUT UP. It appears they are unwilling to Put Up without immunity from civil action, and the House has turned down the request for immunity. JURIS has informed the Commission that the immunity it seeks is before the Grand Jury.

WILLIAM A. BARLOW speaks eloquently from his point of view as a lawyer. He came to Hawaii in '47 and passed the Bar in '48. He was U.S. Attorney from 1952-1954, and was instrumental in ridding the community of White Slavery and Dope Traffic at that time. He now

concentrates in Commercial Law, but will take a Criminal Case once in awhile if he knows the person and believes the person is innocent.

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JURIS, P.O. Box 2758, Kailua-Kona, Hawaii 96740.

Thankyou

Editor

INTERVIEW WITH FRANK F. FASI

21 March 1979

Q: Your Honor, you predicted in December of 1977 that Ariyoshi and his henchmen would try to get you again. Have you received any indications that they're still trying?

FASI: No, I haven't, but never sell 'em short.

Q: Mr. Hansen, the State's star witness, has said that he told the special prosecutor, Mr. Cooper, even prior to the grand jury hearings, that there was no bribery agreement between him and yourself at all. What, then, caused him to testify against you?

FASI: After the trial was over, after he was sentenced and just prior to his going to prison, he (Mr. Hansen) visited my office, apologized profusely for what had happened, and said, "You know and I know that the charges were false, but I had no choice. I had to use the fact that they wanted to get you in order for me to stay out of prison." He was referring to the charges brought against him on the State level. He said, "You know as well as I do that if you were not the Mayor, or if you were part of the political

machine on the State level, this thing would have never gotten off the ground."

Q: Mr. Fasi....

FASI: See, Hansen told Cooper, even though he made the deal....He told me that he told them, the Attorney General and his people, that there never was a bribe, and Cooper told him, "Well, you let us decide whether or not there's a bribe and let us prove it." He admitted that he was coached, told what to say to the Grand Jury, and he could not enlarge on what he said. And, he also admitted in a signed affidavit, even before the trial was over, in Court, that he lied to the Grand Jury. When he should have said "no", he said "yes" to the question: "Did you feel that there was a quid pro quo, or a bribe, in effect?" Although he said "yes", he told me he should have said "no." Now, this was before the trial was over.

Q: Your Honor, did Governor Ariyoshi have any personal contact with Mr. Hansen?

FASI: Everything went through the Attorney General. To my knowledge I don't think he ever talked with him.

Q: Was Deputy Attorney Mr. Zenker Governor Ariyoshi's key man for the direction of the prosecution?

FASI: I think the key man was Ronald Amemiya (Attorney General). Zenker was his public key man, in the Courtroom, working with, sometimes against, Grant Cooper.

Q: Do you believe that Mr. Cooper answered to Mr. Zenker

directly, or to Mr. Amemiya?

FASI: A little of both. I think that Cooper knew, and Zenker knew, that Amemiya would make the final decision, because when we would go into Chambers-and I sat in on some of these-he (Cooper) had to check with Amemiya. In fact, Barlow, a couple of times berated him and said, "I thought you were directing it."

Q. Mr. Duncan, Ariyoshi's Press Secretary, said that you had recommended a Grand Jury probe of the Kukui Plaza case as far back as 1976. What caused you to change your mind?

FASI: The State said "no." I believe that's what you're relating to.

Q: Yes. I understand there was some confusion as to whether the Governor wanted an open hearing....

FASI: They went to Court to stop us, I believe. They said there was a conflict of interest. That's what that boiled down to.

Q: Mr. Duncan further stated, in the Press, that the Grand Jury's secrecy protects the accused. Yet, you predicted that you would be indicted before you were actually indicted. How did you know that you were going to be indicted?

FASI: I know how the Grand Jury system works. It's all one-sided. Barry Chung told me when he was the prosecutor, that a law clerk could go in to the Grand Jury, give all the facts as he sees them, quote and unquote "facts", and get an indictment in three to five minutes. That's the way it's done. So I knew that these people had presented all one side, bringing Hansen in, knowing that

he had been blackmailed, lying before the Grand Jury—which he subsequently admitted to—I knew that the inevitable would happen. I knew that I would be indicted. Remember that Cooper put on a three day show.... The Bishop's aide told me, at the St. Francis Hospital at the dedication of a new wing, that he talked to one of the Grand Jurors, one of his parishioners. He berated him. He said, "How did you ever vote to indict the Mayor? You know the Mayor didn't do anything wrong." The parishioner said, "Well, it was all confusing. They came in with all these charges, and I and others felt, 'well, let a trial make the determination.' " They weren't sure of the charges that were being made, and that there had to be some substance, and it wasn't a trial, so let the trial make the determination. And THIS is the TERRIBLE thing about a Grand Jury, that if you're not sure, you hear something and there's a reason to believe that MAYBE something did happen illegally, then, "well, let it go to trial." And this is the unfair part of the Grand Jury system.

Q: At any time did you have a confidential informant within the Attorney General's office?

FASI: Absolutely not. I wish I had.

Q: The Hawaii Crime Commission has recommended in a recent report that an investigative Grand Jury should be retained to look into official misconduct. In that you feel that the Grand Jury was used as a tool for your malicious prosecution, do you believe, therefore, that the Grand Jury is a totally worthless

institution?

FASI: I have always felt that the Grand Jury system is not a fair system. I don't care whether it's the Crime Commission or any other body, politicians get control. Whether it's the Attorney General's office, the City Prosecutor's office, or a crime commission, politicians are too often involved. And even judges are politicians. Some of the decisions you get from judges are politically motivated and nothing else! I say you weaken the system when you allow anybody to go in and reserve the right to any body to control the investigative process. If you had a Grand Jury that could, on its OWN, hire its own independent and unbiased lawyer to advise, and they, on their OWN did their investigation, without the prodding of the Attorney General's office, or the Crime Commission, with knowledgeable people there—that's a horse of a different color, But, here in Hawaii, they don't allow that. And even that can be dangerous. This is why I oppose the Grand Jury system. I prefer the open Court, a Preliminary Hearing, and giving BOTH sides the opportunity to challenge each other on any charges alleged.

Q: Mayor, are you aware that a citizen has requested that the Hawaii Crime Commission recommend to a Court that an entirely independent extraordinary Grand Jury be empanelled to look into organized crime in this State, including the basis for the Commission's recent report on organized crime?

FASI: No, I'm not aware of that request.

Q: In your opinion, is the Hawaii Crime Commission under

the influence of the Ariyoshi Administration?

FASI: Well, who appointed them anyway?

Q: I suppose that answers the question....

FASI: I think that answers the question. Even though some of the people I know are....I know some high minded, independent, unbiased people, but it still boils down to.... The Campaign Spending Commission, who appointed the members? As far as I'm concerned the Campaign Spending Commission was nothing more than a tool of George Ariyoshi in 1974 to go after Frank Fasi, for political reasons only. They did a good job for him, and some of the people that worked there are now judges or cabinet members. This is what I object to: the use and abuse of State power by the Governor of this State with State agencies, be it the Attorney General's office, the Land Use Commission or the Crime Commission. Now, you have a politician, Nelson Doi, Chairman of the Crime Commission-he's a very articulate man who's been a judge. I think he understands the legal process very well. But all they're trying to do is duplicate what the police department has been doing. They're saying the police department is not doing the job, for whatever reasons. As far as I'm concerned, it's an insult to the police department of the City and County of Honolulu, that they can't be trusted. So what do we have? A SUPER COP on the State level that knows more about crime and how to prosecute crime than the agencies that have been working on it for a long time? You mean every prosecutor in every County is a dishonest person, not interested in prosecuting organized, white collar, or political

crime? I don't believe that. So this is why I kind of think that whatever's being proposed, a special Grand Jury run by the Crime Commission, or an independent one—who's going to be on that special Grand Jury? People that are actually qualified, or the layman again, who like the Grand Juror is not sure what to do with the charge, and let the Court and jury determine whether or not the persons are guilty? Never mind the fact of the enormous amounts of money that have to be spent. Never mind the attack and damage upon the reputation and credibility, honesty and integrity of the person that's being charged. No, if they have recommended it, I would oppose it, 'cause I've been through it! You don't spend \$300,000 without recognizing how hard it can be and how difficult. Never mind the emotional cost, the economic cost!

Q: You've always been quite outspoken about graft and corruption in government office. In July of 1968 you charged City Hall administration at that time with pay offs and graft. Do you feel that there is any device whatsoever which can prevent and punish such misconduct in office?

FASI: First of all, you've fallen, David, into the same trap that everyone else has fallen into, created by the newspaper monopoly. In 1968 I spoke before a group of university students at the University Campus of the University of Hawaii. I said, "A former IRS intelligence agent who checked tax returns of some city officials and employees told me that based upon these returns

it appeared that there was payoff going on in City Hall because they were earning twelve, thirteen and fourteen thousand dollars a year salary and reporting incomes on seventy to a hundred thousand dollars." That is what I said. And the newspapers immediately picked it up and said, "Fasi CHARGES!" They conveniently left out..."Where's your proof, put up or shut up," said the Advertiser. But with Marilyn Bornhorst on the front page when she said there's a pay off in the City Council in the Hobron Lane deal, the same Advertiser, in an editorial and a front page story, in effect said, "Well, Marilyn made the charge. Where there's smoke there's fire." They didn't say to Marilyn, "Put up or shut up" because Marilyn is their darling. I was never their darling. Blaisdell was. So, let's get that straight, at no time did I say "I know for a fact"-I did say "I know of an IRS agent who made this statement to me." Now, what was your question?

Q: Yes. Do you believe there is an effective device to prevent corruption in government office?

FASI: No. No. There isn't a city government in the 76,000 different political jurisdictions that we have in the United States today-76,000-I say there's no way, that if you came to me in this office and said you want something, here's \$5,000 in cash and gave it to me, and I had the power to give it to you and could give it to you, there's no way you're ever going to prove that that took place. First of all, even if you went to the Prosecutor, or the Attorney General, and said you bribed the Mayor, or you bribed

the department head or you bribed this person or that person--you're going to have to prove it. So, it's very difficult. Sometimes you can. In all fifty states, Federal governments, state governments, in every city in this country, right now, you probably have some illegal graft and corruption going on, right this minute, 'cause government is so big, and there's so many people who feel they can buy and pay for what they want. And some, very much in the minority, mind you, elected and civil service officials who will accept the bribe. I don't know how you're going to stop it.

Q: I see. In other words....

FASI: Except, I've always said, "People deserve the type of government they elect." And, it's up to the elected leaders to make sure the people they appoint to high positions are of such a character that they're not going to be involved in any kind of pay off.

Q: During the Kukui prosecution, did you receive a fair press?

FASI: I didn't think so and neither did my lawyers. If we did, why didn't they print on the front page where everybody could see the headline, "Hansen admits to lying to Grand Jury in Affidavit..that was signed and released December 7th and December 8th"? I don't think even you were aware of it. No, it doesn't get reported-doesn't get covered. Even today-yesterday we sent out-Bob Way sent out-to all the legislators, "A Public Release to the

Media." It was a 1977 report on Transit, in Honolulu, by the State Department of Transportation which in effect said that busses cannot handle our transit needs. It didn't come right out and say "Mass Transit" but the recommendation was that we have to look at an alternative means of transportation, which is mass transit. This report was sent to everybody, released to the media because the State never released it. Neither newspaper carried the story, last night or today. Channel 9, and I believe some of the TV stations did carry the story, but the monopoly didn't. 'Cause it doesn't make the Ariyoshi and his Department of Transportation and those people that are fighting the City on the transit system look good at all. And this is the same way they operated throughout the whole trial.

Q: Exactly what is the relationship between the Advertiser, Star Bulletin, and Ariyoshi's Administration?

FASI: There's an understanding that carried on from the Burns Administration. You see, in 1962 they formed the joint agreement, the operating agreement-Hawaii Newspaper Agency.-in 1963, in violation of State Antitrust Statute and violation of Federal Antitrust Laws. In 1963 Deputy Attorney General Peter Donaho was asked by the Attorney General to check into the legality. It came out it was in violation of State antitrust laws as well as Federal laws. No prosecution! In 1968 I asked, as a member of the Second Constitutional Convention, Bert Kobayashi, a Supreme Court Justice, Attorney General of the

State of Hawaii then-I'm questioning him with all the news media present-I asked him then if it were true that in 1963 a Deputy Attorney General reported to his office and to the Governor of this State that they were in violation of antitrust statutes, and he said, "Yes, sir." I asked him a pointed question, "Are they in violation of State antitrust laws right now, in August 1968?" He said, "Yes, they are." I asked, "Why aren't you prosecuting?" And the then Attorney General, Mr. Kobayashi, said, "I don't want to see this a one newspaper town." I said, "Who are YOU to make that determination?" Actually, it's a quid pro quo. You talk about bribery? QUID PRO QUO! We will not prosecute, you write nice stories and don't be too hard on the State administration. And this is the tie in today with George Ariyoshi and the two newspapers, and it's still the same.

Q: Are you in favor of keeping the Grand Jury transcripts and Cooper's report secret, especially Cooper's report?

FASI: I don't know. I've never thought about it.

Q: Your attorney, Mr. Barlow, would object to publication or release of Cooper's report because of his experience with the character of Mr. Cooper. He would object because there may be defamatory material in the report.

FASI: Libelous, malicious material! Because he was paid by the Ariyoshi administration to write, in effect, a book, to say anything he wanted to, and as a former special hired gun, as a

convicted criminal, to say anything he wanted in it. And, he did, evidently. If they released it; some people could be sued for libel, malicious libel. That's why I think we've never seen it. Besides, you don't release a report like that just before a gubernatorial election when you can't answer. I'm surprised they never released it, the way they operate up there. I'm surprised. Maybe everybody was afraid to leak it.

Q: Do you believe the public interest in knowing the prosecutorial conduct of Mr. Cooper would outweigh any concerns that you would have with your own privacy in publication of Cooper's report?

FASI: Rephrase that.

Q: Release of the report with allegedly defamatory, libellous, material would perhaps be an invasion of your privacy or your right to a reputation. Do you believe that the public has a right to know that would outweigh any concerns you would have about the publication of defamatory material about yourself?

FASI: The public right to know should not give license to anybody, including newspaper reporters, to defame another person. ONE SIDE! That's all you would have gotten. You would have got the opinion of a convicted criminal himself as to what he thought about Frank Fasi, and how he interpreted everything else. And this would be unfair, completely unfair. Now, we know this: I talked to the person who would have been the foreman of the jury. He told me, and I would say this under oath, that everyone of the jurors said that there was no way they would have found me

guilty. I said, "Gee, there must have been one or two that...." He said, "No. They all felt this was a trumped-up charge." Now I had mixed emotions about the trial, the case not going to trial, not going before the jury. I know we would have won it. The mixed emotions came about the expense. Altogether it cost us over \$300,000 and we hadn't even gone to trial! It would have been a very expensive vindication....

* * *

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Approx. 5500 words

WILLIAM A. BARLOW INTERVIEW

20 March 1979

Q: Mr. Barlow, I understand that you blasted Grant Cooper, Special Prosecutor, and Larry Zenker, Deputy Attorney General, in May of 1977 for prosecutorial misconduct. What role did Zenker play in the prosecution?

BARLOW: Well, Cooper was allegedly here on his own. However, Zenker had to clear everything Cooper did or said, and Zenker was the number two man in the Attorney General's office; so, I had to assume that Zenker was Cooper's boss. And, whatever Cooper may have done, Zenker, as far as I was concerned, also did it.

Q: In other words, Cooper answered to Zenker?

BARLOW: Cooper always maintained that he had no restrictions. Yet during the course of the proceedings and conferences that we held in the Chambers, Cooper would always have to say, "Well, why don't you wait until 1 o'clock, and then I'll give you the answer." And even as late as the last day of the trial, when we had made a motion for judgment of acquittal or a dismissal of the indictment, Cooper said, "Well, I'd better talk to Amemiya (Attorney General) before I agree." At least in my opinion, as

a lawyer, if he was in charge of the case he wouldn't have to talk to Amemiya; he could have made his own decision at that time.

Q: There have been allegations made to the effect that Cooper, shortly after he was hired, ^{said} that he was out to get Mayor Fasi prior to the gubernatorial race. Do you know anything about that?

BARLOW: It's my understanding that he spoke to the United States Attorney at the time, and he told him that his job was to get Fasi.

Q: Exactly in what manner did Mr. Cooper misbehave himself in front of the Grand Jury?

BARLOW: I can't tell you all about how Cooper misbehaved before the Grand Jury because of the secrecy. But there is nothing to prevent me as a witness before the Grand Jury to tell you what I thought Cooper did at the time I appeared before the Grand Jury. Cooper went back to the \$365,000 contribution that Fasi made to the City and County of Honolulu in 1974. He started quizzing me about the \$365,000, and tried to convey to the Grand Jury the fact that Fasi had given that money away after the State had started investigating him. I turned around to Cooper, and I said, "YOU...."; Well, I'm not sure exactly what I said, but I did say something to the effect that, "Mr. Cooper, I'm not going to tell you you're lying, but you are misstating a fact." For the simple reason that Fasi had given his money away to the City and County of Honolulu, then the Life of the Land filed a

a complaint charging him with violation of the election laws. Then, the Campaign Spending Commission started an investigation of Fasi. But Cooper tried, at least in my opinion, to insinuate to the Grand Jury that here you have a S.O.B. that is trying to launder \$365,000, and that when the State started investigating him, he divested himself of this money. Zenker knew better and Zenker was sitting right there at the time.

Q: What? Where, sitting where?

BARLOW: Right there in the Grand Jury Room. So, at that time I immediately took a dislike to Mr. Cooper because of the fact, from my own knowledge and experience, here he was stating facts to the Grand Jury that were not true.

Q: Do you feel that Mayor Fasi should have had a Preliminary Hearing rather than a Grand Jury?

BARLOW: Well, of course, you know you're arguing opposing viewpoints there, as to whether an action should be started with a Preliminary Hearing or Grand Jury proceedings. It's a question of whether you subscribe to the Grand Jury System or you feel that a man should be charged first and then have a Preliminary Hearing on a particular matter.

Q: In your experience as a prosecutor and as a defense attorney, do you believe that the defense is at a disadvantage during a Preliminary Hearing?

BARLOW: No. I think that if I were to make a decision as to what I would prefer, I would prefer a Preliminary Hearing, because at that hearing at least the defense knows, but not

entirely, what the prosecution has; but, they have a pretty rough idea what the prosecution does have. In a Grand Jury proceeding, the defense doesn't know what the prosecution has.

Q: I see. Mr. Cooper, during a....

BARLOW: BARLOW, not COOPER!

Q: I'm sorry.

BARLOW: Don't insult me.

Q: What a terrible mistake. Mr. Barlow, sir, do the attorneys at a Preliminary Hearing make any attempt to minimize disclosure at that proceeding?

BARLOW: It's been my experience that at a Preliminary Hearing the attorney for the defense is kind of anxious to find out exactly what the prosecution has in the way of evidence.

Q: Does the prosecutor make an attempt not to disclose the full particulars of his position, his evidence?

BARLOW: I would say that in the majority of the cases, the prosecutor would be reluctant to disclose his hand.

Q: Do you feel that judges at the Preliminary Hearing defer to prosecutors, relying on the trial to determine the sufficiency of evidence?

BARLOW: Rephrase that.

Q: There have been claims that, at preliminary hearings, the judges will tend to rely on the prosecutors, because the sufficiency of the evidence will be determined later at the trial. This is the same charge that has been brought against

the Grand Jury, that it is a "rubber stamp" for the prosecutor. It has been said that judges would in some instances simply defer to the prosecutor's charges, and if they had any doubts about the evidence, they would simply defer to the prosecutor and let sufficiency be decided at the trial.

BARLOW: Well, frankly, I think that depends entirely on the judge that's sitting, and his integrity, as to whether he under the circumstances feels that there is sufficient evidence to warrant bringing a man to trial.

Q: Do you feel that Judge Sodetani should have quashed the indictment against Mayor Fasi?

BARLOW: We made various motions before Judge Sodetani and they were all denied.

Q: Can you reveal any particular reasons for believing that the indictment should have been quashed?

BARLOW: We felt that all along, because of Cooper's misconduct before the Grand Jury, that the indictment should have been dismissed or quashed. At the very inception we made many motions directed toward the misconduct of Mr. Cooper in the Grand Jury Room. In effect, Cooper did more testifying than the witnesses.

Q: The star witness was Mr. Hansen. Was the indictment based primarily on his testimony, or was his testimony corroborated by any other witnesses?

BARLOW: No. There was absolutely no corroboration as to the bribery. What Cooper tried to do was to create an aura, a climate,

of dishonesty. There was always a sort of question as to, "Why was this done? Why wasn't this done?" But there was never any direct evidence of a bribe except as Hansen testified.

Q: Do many prosecutors behave in this manner before a Grand Jury, seeking an indictment simply by throwing up an aura of guilt?

BARLOW: Again and again I say it depends on the integrity of the prosecutor. It depends on whether the prosecutor has any ambitions. It depends an awful lot on the personality of the prosecutor. There are some people who feel that whether they get an indictment or not doesn't make any difference; they present the matter to the Grand Jury. There are other prosecutors that are either politically minded or they are seeking the prosecutor's job as a stepping stone to something else, and they act accordingly. That's the danger of political prosecutors.

Q: Do you believe that Governor Ariyoshi's office was behind the charges against Mayor Fasi and Harry Chung, or that it instigated the prosecution of the Mayor?

BARLOW: To me there is no doubt about it.. There is absolutely no doubt in my mind that the whole thing was orchestrated by Ariyoshi, Amemiya, &Co. It was a political vendetta for the simple reason that the approaches, so to speak, to Hansen were all made by political stooges of Ariyoshi.

Q: Do you believe that there are grounds to proceed against these people for malicious prosecution?

BARLOW: Unfortunately, unfortunately prosecutors seem to

have immunity for any thing that they may do whether it may be malicious, vindictive, or anything else. I don't see now that Fasi has any basis for a Civil Rights action. Although, when you know the history and background, you feel that he should have, but unfortunately the cases don't support it. The prosecutors seem to have a carte blanche authority to do any damn thing they please.

Q: I understand from the newspaper reports that Mr. Cooper once said he was willing to turn over his confidential, secret report to people in California. Is that true?

BARLOW: Yes. There was an article in the paper. Somebody in California apparently contacted Cooper in relation to a statement made by somebody in Honolulu. And, Cooper at the time indicated to the newspaper to the effect that, "You come down to my office and you can see the file."

Q: Apparently the report is still secret, and the transcript of the Grand Jury hearings are sealed. Is that true?

BARLOW: The transcript is supposed to be confidential, sealed. But if I remember correctly, Matt Levi had something on television which indicated that he had gotten a copy of the transcript or had talked to somebody and had gotten information through that particular person. So when you talk about sealed, confidential...the transcript was in the hands of an awful lot of people. There's a lot of people over in Cooper's office that had handled the transcript then. Certainly we, the defense team,

would not make the Grand Jury testimony available to a television reporter when the particular portion that the television reporter read on the news was detrimental to our clients. So there is only one answer to it, that it must have come from the prosecution.

Q: I understand that there may be a Federal Statute providing for criminal penalties in the event that a prosecutor discloses sealed testimony or Grand Jury secrets, or that there was such a law in effect, but prosecutions for its violation were extremely rare. What is your opinion on this?

BARLOW: Cooper had problems with this in California....

Q: This is prior to the time he took the Fasi pro-secution?

BARLOW: Oh, yes. I think Cooper's problems in California arose by virtue of the fact that he had a copy of the transcripts of a Grand Jury that he was not supposed to have. And, at the time, Cooper was asked by the Court where he got the copy of the transcript. Cooper, at the time, lied to the Court. That was one of the charges against Cooper, that he lied to the Court as to where he got a copy of a Grand Jury proceeding. Cooper was brought before the Bar Association and the Supreme Court in California. I don't know whether he was indicted or charged by information, but the fact of the matter is that Cooper plead guilty to two counts of having the Grand Jury testimony in his possession and lying to the Court. He was subsequently reprimanded publicly by the Supreme Court of California, and this appears in the published record of the Supreme Court.

Q: Whom is the Grand Jury secrecy, especially after the fact, after the case has been dismissed like this one, supposed to protect?

BARLOW: It protects the witnesses that appear before the Grand Jury, and that is the purpose of the secrecy of the Grand Jury, to protect the witnesses that testify so that they are not harrassed. Let's assume that you are Public Enemy Number One. I testify against you in a Grand Jury. Because of some technicality, you get off the hook. You get a copy of the Grand Jury transcript and say, "Well, geez...that SOB Barlow is the guy who put the finger on me." Consequently, what's going to happen? So, it is important that there be some secrecy attached to it. Not only during the trial, because after the trial is over, and you find out that I'm the guy that put the finger on you, you're not going to forget it, are you?

Q: No, sir. But, apparently in this case it was Hansen who put the finger on, and if Mr. Hansen consented to the proceedings being made public, would you believe that the Court should make the proceeding public under the public's right to know?

BARLOW: Well, I believe in the First Amendment, but not 100%, because you sound like a newspaper person. "The public has a right to know" the newspapers preach. "The public has the right to know" they say. But, the public only has a right to know what the newspaper desires to print and how they print it. If

the newspapers merely printed facts without editorial comment, and the way a particular reporter or editor feels about a problem, then I would say fine, I subscribe to the First Amendment, but to me this malarky about "the public has a right to know" is malarky because the public only has a right to know what the newspapers want to tell them. So I don't believe in the newspaper creed "that we do it under the pretext that the public has a right to know."

Q: As Mayor Fasi's attorney, if someone went into court and attempted to get a copy of Cooper's secret report, would you have any objections?

BARLOW: Knowing the type of person Mr. Cooper is, what he resorts to and what he does, I would say that I have a hell of a lot of objections to it.

Q: Do you feel that there could be libelous and inflammatory material in the report?

BARLOW: All I know is what the Attorney General said publicly. He is not releasing the report because of the probability of libel that's contained in the report. Cooper came here. He got about 150 or 200 thousand dollars for what? He produced nothing except an indictment. And I'm sure that whatever his report is, it is a justification of the amount of money that he took out of the state.

Q: How much?

BARLOW: I don't know exactly how much he made, but I would say that it was between 150 and 200 thousand or 250 thousand that he took out in terms of money, transportation, living

expenses, and so on. I think he got quarters for nothing.

Q: How many months did he serve as special prosecutor?

BARLOW: I think about a year and a month or two. And he's not in that category as far as fees are concerned. He's not a \$150,000 a year lawyer.

Q: Going back to the prosecutor's unwillingness to disclose his hand at the Preliminary Hearing, and the fact that the prosecutor discloses nothing to the defense if the proceedings are Grand Jury proceedings, I believe that the Brooklyn District Attorney (actually Bronx District Attorney Merola) has started a program where he fully discloses his evidence to the defense, obviating the need for motions and hearings, in advance. What do you think about that procedure?

BARLOW: I have mixed feelings about that for the simple reason that there is so much perjury that goes on in the courts. There are so many lawyers who practice criminal law that resort to almost anything for their clients. There is that famous story, since you're talking about Brooklyn, about the guy who went to see his lawyer in Brooklyn, and the lawyer said to him, "What kind of defense do you want, one for \$1,000 or one for \$10,000?" The guy asked him, "What's the difference?" The lawyer said, "For \$1,000 you tell your story, for \$10,000 I'll tell your story." So there is a lot of perjury that goes on. It's amazing. If the prosecution divulges everything, the defense has everything and they can concoct alibis, especially with say the mob; you could get a thousand people to testify that I wasn't there at

that time, I was, you know...someplace else. So it has its advantages and disadvantages.

And, you know, I frankly don't really subscribe to a jury system. I feel that a person would get more justice if you had, say, a panel of 3 or 5 honest judges. You'd get justice that way. There really is no justice in the jury system because it depends on individuals, on emotions, on likes and dislikes. A juror will take a dislike to a lawyer, a dislike to a witness. They may take a dislike to a client. I don't think, regardless of how intelligent jurors are, that they really come up with what I would consider a verdict consistent with law. If you are involved in trials, sometimes you, if you're a defense lawyer or a prosecutor, argue about instructions that are to be given in a particular trial. Sometimes you take a week, or maybe two weeks, to argue about instructions that are to be given to the jurors in a particular trial. You spend these two weeks before a judge preparing instructions. Cross out this word, cross out that word, find another word to substitute for a word that you and I don't like, and then the judge will make a determination. "Well, O.K., is this satisfactory to you? Yes? O.K., I'll give it." And then, when he gets on the bench he might read a hundred instructions as to what the hell the law is that's applicable to that particular case, and he "BLEBLBLBLBLBL"s, he mumbles on and he reads it probably under his breath, or he is in a hurry. Now, how can you tell me that that jury can sit and listen to all the evidence and fit all that evidence into the law? To me they

can't. It's almost an impossibility unless it's a real, real simple case. But in those cases where you have many legal problems, there is really no justice. If you had 5 lawyers sitting there, impartial, just listening to the evidence, they can apply the law. Because they know what the law is. On the other hand, all a juror does is listen to an instruction.

I remember when I was defending cases, I would always argue "reasonable doubt. If you have any doubt at all that my client...." Et cetera, et cetera. Now, when I got to be prosecutor, and I heard defense lawyers arguing reasonable doubt, I'd just say to the jury, "Look, reasonable doubt doesn't mean anything, doesn't stand for anything. It's not as complicated as the lawyer tries to make it. All it is is that you sat, you listened to the case, you look at the guy, and you say, 'In my opinion, you're guilty.' " Out of a couple of hundred cases, I only lost one, the first case I tried up there. And that was a 'fix' we found out. The Customs people found out that there was a little fix involved in the case. But there is no magic to a reasonable doubt. Yet, you read newspaper articles even today: "Why did you acquit this bum?" so to speak. The person will say, "Well, you know there was a reasonable doubt in my mind." Yet, there is nothing magic about reasonable doubt.

Q: Reasonable doubt isn't anything concrete or tangible that you can put your hands on?

BARLOW: No. All you have to do is say, "Look, Barlow, I

listened to the evidence against you and I think you're guilty, period. I'm convinced beyond a reasonable doubt."

Q: Supposedly one of the reasons for a jury is that people at one time were afraid that if they let judges, who are expert in the law, try cases, that the judges, being political appointees would not remain impartial. For example, let's say that 5 judges, appointed by the Governor of this State, took the Fasi case. What would happen then? Would you prefer Fasi to go before those judges or before a jury of perhaps his voters here in Honolulu?

BARLOW: With the evidence that we had, I would be willing to submit the case to 5 judges even though Ariyoshi appointed them. With the defense that we had, and the evidence that we had, we would have shown that Hansen was lying when he appeared before the Grand Jury. Cooper makes much of the fact that Hansen passed one of those lie detector tests. I hired a lie detector expert and Hansen didn't pass the lie detector test. My guy went to California to the guy that took the test here for a couple of days, and asked to see the materials. They wouldn't show it to him.

Q: When Hansen refused to testify, did he then retract his testimony?

BARLOW: He said that if he got on the stand he'd testify that Frank had never asked him for a bribe and he had never offered Frank a bribe.

Q: Then what was his reason for testifying against the

Mayor before the Grand Jury?

BARLOW: I can tell you this, because this is the defense we had. We knew that Hansen had been intimidated by certain people in Ariyoshi's administration. They had come to him and they were out to get Frank. They indicated to Hansen that if he didn't cooperate, that they controlled the courts and the parole board and that he wouldn't see the light of day, I think for 15 years.

Q: Who were these people and....

BARLOW: It's all a part of the record in court. This all came about in our motion so that it is a part of the record that is available to the public. I had witnesses that would have corroborated the story that Hansen confided to a couple of people that "Fasi never asked me for a bribe, I never gave him a bribe, but Jesus, what would you do if they put the heat on you, you got a family and wouldn't see them for 15 years? I don't want to go to the grave."

Q: Is it in fact true that Ariyoshi has control over the judiciary in the state and the parole board, and....

BARLOW: It's true to the extent that they are all his appointees. As to the integrity of the judge and the integrity of the parole board, that depends on the individual. You'll appoint some person, a lawyer to a judgeship, and he'll tell the governor or anybody else to go to hell, and say, "I'll call the shots as I see them." On the other hand, you have people who are appointed that feel that their loyalty lies in that

direction and they're susceptible to a little push one way or another. Some, you can't question their integrity. Others, you just wonder sometimes about what's going on....

Q: People are baffled by Mr. Hansen's refusal to testify. What do you believe his reason was for finally deciding not to testify, except perhaps in Mayor Fasi's behalf?

BARLOW: I honestly don't know. I didn't have much contact with Hansen. After I read the Grand Jury testimony I kind of loathed the person, knowing what the facts were and knowing what he testified to. You see, there were an awful lot of promises made to Hansen. They promised him that if he testified, he got immunity from the State. They also promised that the Federal people would not prosecute him for anything, that they'd go to the Federal people and would see that his Federal problems were taken care of. Cooper did in fact go to Washington at one time, prior to the time that Hansen was indicted for his Federal tax evasion. Cooper was in Washington trying to get them to hold it until such time as Hansen testified. This was in the newspapers and I know because I called somebody in Washington and Cooper was there, I think for 2 or 3 days. And Amemiya had gone to see the Deputy Attorney General in charge of the Criminal Division. By then Cooper had written letters to the Department of Justice that bribery was a way of life out here, and he had all kinds of evidence against everybody. Everybody here was a crook. And the Justice Department, not being what I consider cautious about the thing, was sort of cooperating with Cooper.

It was after all of these promises were made to Hansen, to the effect that "Don't worry, we got you at the State level, we got immunity for you, we'll take care of the Federal problems," that he was indicted on that first charge. I believe it was using the mails to defraud. He, of course, was unhappy, you know, "you guys aren't living up to your promises." "Well, don't worry about it, we'll take care of it." But then when he was indicted on the tax evasion charge, here the guy wakes up and says, "Geez. I'm not getting anything. Here these guys sucker me into talking, making statements, and who the hell is going to jail? It looks like I'm the guy that's going to jail." So I think Hansen's attitude changed after his indictment on the tax evasion charge, and he found out at that time that these guys couldn't produce what they had promised him. But I don't have any sympathy for Hansen, mind you.

Q: The Hawaii Crime Commission wrote a report entitled "Organized Crime in Hawaii." The meat of that report is that organized crime cannot exist or flourish without the cooperation, intimidation and participation of government officials. Do you feel that an extraordinary Grand Jury, say a run away Grand Jury, could be empanelled which would have complete independence to investigate, and that this Grand Jury would discover that in fact there are contacts between organized crime and government officials?

BARLOW: My only comment on the Crime Commission's report is that they didn't go one step further, and make their information available to the police. They said that it's at the highest levels

of government. What is the highest level of government in the State of Hawaii? One of the biggest difficulties is fear. People are afraid. People are afraid to get involved. They don't want to get involved. There's all kinds of intimidation. They are just reluctant to talk.

Q: Do you believe that people would talk if they knew they could go in front of a special investigative Grand Jury in complete secrecy? Do you believe that people would step forward and testify about organized crime?

BARLOW: I doubt it. I doubt it. I think that people, knowing how the government operates, knowing how leaks are available, knowing how people in high places, people who are supposed to have integrity, and how they are available to certain things.... They are afraid that, sure it's secret, but how the hell do I know that the secrecy will be preserved? That brings about the fear of people coming forward. There are very few people who have respect for the integrity of government today. There are so damn many, I won't say bums, that occupy public office today. That's what people are afraid of. They're afraid that "sure, you say that there will be secrecy, but how do I know? You're honest with me. You want me to have secrecy, but what about all the other people who have the availability of this information?" And that's what people are afraid of. There aren't too many people who have too much respect for the integrity of government. That to me is the biggest problem in the country today. Right from the top, down to the bottom.

(Mount Clipping in Space Below)

Researcher Offers a Controversial Conclusion

Did a U.S. Prosecutor's Acts Collapse the State's Kukui Plaza Bribery Case?

The Researcher's Contention:

THE CASE IS HISTORY now — closed beyond re-opening.

But it filled Hawaii's headlines in 1976 and 1977 and divided the community. Was it a criminal prosecution or a political persecution?



George Cooper

So far as crime is concerned it wound up with a single person who pleaded guilty and was sentenced to 18 months in a federal correctional institute.

So far as politics is concerned it probably impacted on the close 1978 state governor's race where Gov. George R. Ariyoshi edged out Honolulu Mayor Frank F. Fasi by less than 4,000 votes in the Democratic primary.

But which candidate gained or lost the most from the complex set of public reactions to the case can never be measured for sure, only endlessly debated.

The facts are that a special prosecutor hired by the state under Gov. Ariyoshi

(Indicate page, name of newspaper, city and state.)

HONOLULU STAR-BULLETIN
HONOLULU, HAWAII

PAGE A-15

Date
Sender

Date: 3/27/79

Edition: HOME

Author

Editor

Title

KUKUI PLAZA BRIBERY
Character: CASE

or

Classification: 62-898

Submitting Office

HIV.

Being Investigated

[Handwritten signature]

had Mayor Fasi indicted for being party to a bribe in the award of the construction rights for the 908-unit Kukui Plaza apartment complex, then had to drop his case when his star witness, the man now in federal prison, refused to testify.

Now a recent, University of Hawaii Law School graduate has raked through the coals of the case, asked the question "Why wouldn't the witness talk?" and suggests a two-word answer: "Harold Fong."

HAROLD FONG was the U.S. attorney for the district of Hawaii throughout the two and a half years of investigations and criminal cases that arose out of Kukui Plaza.

His critic, George Cooper, contends that Fong's actions and statements throughout the period "make out a case that a reasonable person could conclude was one of Fong's using his office to protect Frank Fasi."

Cooper adds: "Whether in fact Fong was doing that probably will never be known for certain, but substantial evidence is there."

Fong's consistent position has been that he handled his aspects of the case, which involved federal as well as state charges, as even-handedly as possible. He has said several times he considered the way the state handled the case as political.

His detailed reply to Cooper appears in the columns adjoining.

Cooper was graduated from the University of Hawaii Law School in December and now is awaiting the results of his examination for admission to the bar. His paper on "Harold Fong and the Dismissal of State vs. Fasi and Chung" was undertaken for a directed research course.

In 1977 the Star-Bulletin published portions of another paper by Cooper under the title "Campaign Contributions as Bribes."

In it he argued that established political practice linking contributions with state and county government contract awards may be criminal.

Cooper's hypothesis on Fong is based on successive incidents which he sees as a pattern of support for Fasi.

In roughly chronological order these are

Incident 1

JUST PRIOR to the 1976 general election, Fong convened a federal grand jury on the Kukui Plaza case, which previously had been the subject of a long investigation by the Honolulu City Council that turned up a number of improper, possibly illegal, actions. Fong then confirmed a Fasi statement that neither Fasi nor any member of his administration were targets of the grand jury.

Cooper says special convening of the grand jury earlier than scheduled had the effect of giving Fasi a clean bill of health from the federal prosecutor just before the election, where Fasi was running for a third term as mayor.

He acknowledges that Fasi was running so far ahead of his opponent, Councilman Dan Clement, that the alleged assist was not critical to the outcome.

Incident 2

SOMEWHERE AROUND the time of the grand jury convening, Fong was approached by a third party about joining Fasi's administration as public prosecutor.

Fong used the term "feeler" in acknowledging the matter when it became a subject of controversy several months later.

Cooper says that whoever put out the feeler at the time Fong was becoming involved in Kukui Plaza matters committed "an alarming indiscretion . . . somewhat reminiscent of John Ehrlichman's feeling out for the job of FBI director the judge who was presiding over Daniel Ellsberg's Pentagon Papers trial."

Incidents 3 and 4

AFTER THE 1976 GENERAL ELECTION, the state announced the hiring of Grant Cooper, no relation, a Los Angeles lawyer, as special prosecutor to handle the Kukui Plaza case.

Fong said later he had a policy of "harmonious cooperation" with the special prosecutor.

The special prosecutor found, however, that Honolulu police were working closely with Fong and had been told not to give their data to the state.

On Dec. 1, 1976, Prosecutor Cooper made an appointment to see the police chief Dec. 8.

Between those dates there was an exchange of letters between Fong and the chief, the upshot of which was that all Honolulu police officers on the investigation were assigned to Fong and they were told by the chief to make all their documents and evidence available to Fong and not to the state.

Later when the special prosecutor interceded directly with Fong he was given access to the files but not to the police officers.

The special prosecutor also was told by the FBI special agent in charge of the Honolulu office "I can't talk to you . . . I can't talk about Kukui Plaza."

Thus the state special prosecutor perceived a lack of cooperativeness from law enforcement authorities at both the city and federal levels, and associated both with Fong, who had written that his office had, "since September 1976, assumed full responsibility in the federal investigation of the Kukui Plaza Development Project."

Incident 5

IN EARLY AUGUST 1977, just as the jury selection was about to begin in the Fasi trial, Fong is alleged to have given Fasi information from a year-earlier incident that enabled Fasi to counterattack the state, which was bringing him to trial.

Writer Cooper asserts that Fong was instrumental in the issuance of a Fasi news release on the subject, then confirmed its contents once released to the media.

The news release alleged an attempt by the state attorney general, Ronald Amemiya, to get a federal indictment of Fasi prior to the 1976 mayor's election. This was before the state had hired a special prosecu-

Harold Fong's actions and statements "make out a case that a reasonable person could conclude was one of Fong's using his office to protect Frank Fasi," critic George Cooper argues.

tor. There were conflicting claims over whether Amemiya specifically sought to have an indictment issued before the primary election in which Fasi was being challenged by Lt. Gov. Nelson Doi.

The impact of the story, however, was to suggest a pattern that the state was out to "get" the mayor. Presumably it was not lost on potential Fasi case jurors.

Writer Cooper says Fong reviewed the news release prior to the public announcement and later released a confirming file memo on the incident that he had prepared the previous year. Researcher Cooper says the release of the memo was questionable in view of a federal statute barring public release of case-related material. Fong later said it was in a "gray area" of permissibility.

Writer Cooper says that in his opinion this was one of several instances of Fong "stepping outside the bounds of his job to take Fasi's side in political controversies."

Incident 6

LATER IN THE SAME MONTH of August 1977 — which Cooper sees as the crucial month since the mayor was being brought to trial and a jury selected — the federal attorney took another action Cooper says was of major help to Fasi.

Fong on Aug. 30 indicted the state's star witness, Hal Hansen, on mail and wire fraud charges which Cooper says had been pending since presentation to the grand jury the previous spring.

Writer Cooper says these charges hit Hansen "like a bombshell" and made him wonder whether the grant of immunity given him by the state was the security blanket against jail that he had thought it was.

Cooper quotes a Stanford University law professor, John Kaplan, as saying he knows of no other instances of the federal government bringing indictments against a witness immunized to testify in a state trial.

Fong had local discretion over whether and when to bring the four charges he filed against Hansen Aug. 30. Writer Cooper says the postal inspection service which developed the mail and wire fraud case was opposed throughout to indicting Hansen for fear of damaging the state prosecution.

Fong filed three added charges of filing false income tax returns against Hansen on Oct. 12.

These were filed at the direction of the Justice Department in Washington.

Cooper argues that the Justice Department had turned thumbs down on filing the tax charges earlier in the year based on a fear of jeopardizing the state prosecution, and may have been influenced in going ahead in October by the fact Fong had filed the mail and wire fraud charges earlier.

All the actions, Cooper contends, fall on the fringes of the so-called Petite Policy by which the Justice Department since 1959 has prohibited filing federal charges against a person previously prosecuted by a state for activities that were the same as those that give rise to the federal charges.

The key difference here was that the state prosecution was not complete. However, there were no federal statute of limitation problems and Cooper says some federal officials other than Fong felt the federal government could have waited to see how the state case came out.

Incident 7

FONG IGNORED A DIRECTIVE from the head of the Justice Department's criminal division that Hansen should be treated more harshly in his federal case if he didn't testify in state court, Cooper asserts.

This directive was phoned from Benjamin Civiletti in Washington on Nov. 11, 1977, to William Eggers in Honolulu. Eggers was acting U.S. attorney at the time Fong was in Hong Kong, Cooper says.

Eggers gave an affidavit on the call later, and communicated it that day to Hansen's attorney.

Hansen, who had been wavering over whether he would testify for the state, announced the next day that he would.

Fong was not legally bound by the directive, however, and either actively nullified it or simply ignored it after he returned a few days later, Cooper contends.

It is writer Cooper's contention that Hansen was told that Fong was not standing by the Civiletti directive and also received the impression that Fong did not want him to testify. Cooper alleges the scales were thus tipped, "this time forever," against Hansen testifying.

* * *

WRITER COOPER CONTENDS Hansen, who had been at the center of the Kukui Plaza dealings, had two main motivations in refusing to testify. The first was to avoid jail or at least serve as little time as possible. The second was to be able to resume his business career in Honolulu with as little impediment as possible.

He contends Fong's filing of charges and ignoring of Civiletti's directive fitted a pattern of pressuring Han-

sen to believe he could best achieve his objectives by
not testifying in the state case.

'A loophole in the state's immunity law (since closed) made it only a misdemeanor not to testify after being given immunity. This supported Hansen in coming to his belief, Cooper says.

He says Fong further supported Hansen in coming to his conclusion by shifting to gentle handling of Hansen when he decided not to testify in contrast with having him arrested and put on bail — even though he was already under 24-hour guard so that this was

The Attorney's Reply:

By Harold M. Fong

THANK YOU for permitting me to reply to the George Cooper article. It is difficult to answer charges where Cooper fails to name any source of his information. Since his conclusions are erroneous and misguided, I shall attempt to set the record straight.

People should understand that the United States attorney does not initiate the prosecution. He considers the case only after an investigation has been conducted by a federal agency and a report presented to the prosecutor for consideration of presenting it to the grand jury.

The IRS began its investigation in early spring of 1976, long before the U.S. attorney's office became involved. This is not unusual because under the federal disclosure laws, not even the United States attorney is told of an ongoing tax investigation unless the U.S. attorney is needed to further the investigation, such as the need to immunize witnesses or the need of grand jury to subpoena records not otherwise obtainable by the investigation.

I first became aware of this investigation in July of 1976, after the investigation was initially presented to the federal Strike Force in San Francisco for their handling.

The San Francisco Strike Force declined to handle the matter because the subject of the investigation was Hal Hansen who did not fall within the jurisdictional guidelines of the Strike Force and therefore this case was referred back to Hawaii for local prosecution.



Harold Fong

Incident 1

IN REFERENCE TO Incident 1, it is not true that the special convening of the grand jury was earlier than scheduled to give Mayor Fasi a clean bill of health. The timing of the convening of the grand jury was dictated by the immediate need to subpoena the corporate records of the Kukui Plaza project before they could be lost or destroyed.

There was also a need to preserve the testimony of certain witnesses, including one who refused to continue to cooperate with the IRS unless immunity was conferred.

The offer of immunity must be approved in writing by the Justice Department in Washington and only after the entire case is disclosed to them. I was not about to hold up a federal investigation based solely on what effect it was to have or not have on a political election.

My confirmation of a Fasi statement that neither Fasi nor any member of his administration were targets of the grand jury was given in direct response to a news reporter's inquiry and not on my initiative as suggested by writer Cooper.

Incident 2

IN REFERENCE to Incident 2, I have repeatedly said I have never sought the prosecutor's position nor would I accept it if offered. Fasi made a good choice in selecting Togo Nakagawa and that's that.

Incidents 3 and 4

IN REFERENCE to Incidents 3 and 4 I have never directed the Honolulu police officers not to cooperate with Grant Cooper.

It must be said however, that where the results of the police investigation became part of the IRS tax case, the same federal disclosure law that would prohibit IRS agents from disclosing tax information to an unauthorized source might also include tax information developed by the police investigation.

Grant Cooper was not an authorized person under federal regulations to receive tax information. The police, in refusing to talk to Grant Cooper, of which I am not aware, may have acted out of precaution to protect the rights of a taxpayer who was the target of a federal tax investigation.

I don't know the basis of the refusal of the FBI to talk about Kukui Plaza because the only violations being investigated were postal and revenue laws, neither of which comes under the investigative jurisdiction of the FBI.

Incident 5

IN REFERENCE to Incident 5, my release of the file memo to confirm the Fasi charge against the state attorney general was again in direct response to media inquiry and not on my own initiative.

There was no violation of the federal statute banning public release of case-related material because the memo referred to no case under investigation. This same charge of possible illegal release of information by me was made previously at the time but

hardly necessary — when the first charges were filed in August at a time Hansen was inclined to testify.

SINCE LAST SEPT. 21, Hansen has been in the Federal Correctional Institute in Lompoc, Calif., having pleaded guilty to one wire fraud charge and one tax fraud charge and received a plea bargained 18-month sentence. Though Fong was out of office by the time of sentencing, his successor, Walter Heen, stood by the plea bargain made with Fong. Hansen could have received a much longer term.

Before going to prison, Hansen called a press conference to again accuse the state prosecution of trying to do a political hatchet job on the mayor and get Hansen to slant his testimony so as to frame the mayor.

Hansen had vindicated Fasi earlier when he announced his refusal to testify but he also said he stood by the grand jury testimony, still unreleased, on which the Fasi indictment was based.

Had the trial gone on, Hansen would have been examined and cross-examined on these points. Writer Cooper's hypothesis is the key reason the public won't know what this might have produced is Harold Fong when the accusers read the law more carefully, the matter was not pursued further.

Incident 6

IN REFERENCE to Incident 6, writer Cooper's statement that the mail and wire fraud charges had been pending since presentation to the grand jury in the spring of 1977 is totally untrue.

The case was not even presented to me until either July or August and was presented to the grand jury at the next regularly scheduled meeting of the grand jury on Aug. 30, 1977.

When the tax charges were authorized, they were

"To suggest that Harold Fong was the key in silencing Hal Hansen which led to the demise of the state case is ludicrous and certainly gives me more credit than I deserve," Harold Fong contends.

likewise presented to the grand jury at the next regularly scheduled meeting of the grand jury in October 1977.

The statement that the Justice Department had turned thumbs down on filing the tax charges earlier in the year based on a fear of jeopardizing the state prosecution is also untrue.

If anything, the Grant Cooper indictment and immunity of Hal Hansen and the public disclosure of the terms of that indictment may have caused the delay in federal prosecution of the tax case because no federal case may be predicated on immunized testimony.

In accordance with my earlier agreement with the state's special prosecutor, I extended him the courtesy of advising him of my intentions to indict Hal Hansen prior to the indictment which was more than his courtesy of failing to advise me prior to his indictment and immunity of our principal target of the federal investigation.

Writer Cooper conveniently fails to remember that Grant Cooper, upon learning of my intention to indict Hal Hansen, came to me in an attempt to dissuade me or in the alternative have me agree to recommend probation for Hansen.

When I refused, Grant Cooper made a special trip to Washington to no avail. I was never told by Washington to hold off the prosecution of Hansen. To have done that which writer Cooper suggests, to delay prosecution pending the outcome of the state's case, was the very thing I sought to avoid, which was that the federal prosecution was influenced by factors other than the merits of the case.

The IRS had expended nearly 3,000 man hours on the case, which did not include the many days and nights and on several occasions up to midnight that these agents and assistant U.S. attorneys Howard Chang and Stan Tabor spent interviewing witnesses and examining business documents during this investigation.

I was not about to minimize their efforts by agreeing to Grant Cooper's request for immunity or probation of our only investigative target.

Incident 7

IN REFERENCE to Incident 7, writer Cooper's statement that I was not standing by Benjamin Civiletti's directive did not come from me. I have never made any statement commenting on the Civiletti directive.

Incidentally, I was not in Hong Kong at any time in 1977. The impression that I did not want Hansen to testify is totally false and misleading.

My stated position at all times was that I would recommend a jail sentence if Hansen were convicted of the federal charges but that his cooperation (particularly any state testimony) would be told to the federal sentencing judge which could only help Hansen.

My only contacts with Hansen and his attorney were always made in the presence of at least three other prosecutors at all times. We were just as anxious for Hansen to testify in the state trial in order to learn of his defense in preparation for the federal trial if Hansen chose to take that course.

The reasons for Hansen's refusal to testify were solely his. In retrospect, it would have been better if he had testified so we would all know whether in fact he had any credible evidence against Mayor Fasi for alleged state violations.

To suggest that Harold Fong was the key in silencing Hal Hansen which led to the demise of the state case is ludicrous and certainly gives me more credit than I deserve.

Prior to the commencement of the state trial, the state's special prosecutor had boasted of subpoenaing more than 100 witnesses. But it seems that after the first and only witness was called and refused to testify, the state's case folded with the last of more than a half million dollars of taxpayer's money and almost two years of time.

The public has had more than three years of Kukui Plaza news. Opinions are fixed in their minds. It probably makes no difference what I or a third year law student may say about some aspect of this case.

The record speaks for itself. The federal prosecution which began with Hal Hansen as its principal subject accomplished all that it set out to do. The presence of Hal Hansen in a federal prison today gives testimony to this fact and is a vindication of our efforts.



Hal Hansen

Hansen's \$500,000

Understanding' Is Quoted

By Russ Lynch
Star-Bulletin Writer

The City Council's draft report on its investigation of the Kukui Plaza project, made public yesterday, summarizes the findings of the 30 plus public hearings the Council held in 1976 and the lengthy investigation that surrounded them.

The report, in three heavy volumes, quotes a statement written by Kukui Plaza developer Hal J. Hansen in connection with last year's state attempt to try Mayor Frank F. Fasi and his former campaign treasurer Harry C.C. Chung for bribery.

In that statement, Hansen said he had an "understanding" that he would pay \$500,000 to the Fasi campaign organization in the form of "political contributions and political considerations" and actually paid about \$65,000, mostly in cash.

Fasi said yesterday that he had not received a copy of the report but that it "is unfair and biased and that is has been released at this time for purely political purposes." Fasi is running against Gov. George R. Ariyoshi for the Democratic nomination for governor in the Oct. 7 primary election.

Fasi accused the Council and the state administration wasting more than \$2 million in tax dollars on the Kukui investigations. He said the report was written and released by persons close to the Ariyoshi administration.

THE HANSEN statement included in the report also said that the "understanding" reached in discussions with Chung included consideration he would give to Chung requests to appoint certain subcontractors.

And Hansen also said the architectural firm of Daniel, Mann, Johnson and Mendenhall was given the Kukui Plaza job at Chung's request.

Chung's Twentieth Century Furniture was awarded contracts for the furniture, carpets and draperies and other Chung companies were given lesser contracts. Fasi has said Chung's furnishing outfit was the best qualified and quoted the best price.)

In sections headed "Violations of the Public Trust," the Council report said Hansen's company was allowed to allocate the 227 apartments reserved for low- and moderate-income buyers.

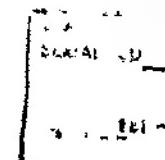
The allocation initially did not take into account the needs of persons displaced by urban renewal clearance. When a "lottery" was finally held to allocate units, Hansen said 61 sales had been made and others were "in the pipeline."

Chung appears to have been a primary source of applicants who got preferred treatment in the allocation process, the report says, and one witness said Chung had a Kukui Plaza sales chart in his office.

THE ACTIONS of city officials in connection with Kukui Plaza were "highly questionable," the report says, and in the distribution of moderate-income units "the achievement of public objectives was subordinated to the accommodation of private interests."

Under a heading "Fraud," the report details testimony of

HONOLULU STAR-BULLETIN
HONOLULU, HAWAII
9/14/78
HOME
PAGE A2



62 - 998

hearing witnesses about the key money transactions between Hansen, a company called Project Supply run by Hansen's friend Norman Buell, and campaign treasurer Chung.

Oceanside allegedly paid about \$114,000 to Buell or his company, on the basis of fake invoices submitted by Buell, and much of the money was paid back to Hansen.

It was this money, Council testimony showed, that provided the campaign contributions for the Fasi organization.

The report's conclusions, which are essentially the same as matters widely reported before and during the state's abortive effort last year to try Fasi and Chung for bribery, include:

—Developer Hansen, whose Oceanside Properties Inc. built the downtown urban renewal condominium, misappropriated funds.

—Oceanside made then-illegal corporate contributions to the Fasi campaign organization.

—The Fasi campaign organization illegally failed to report later Hansen/Oceanside contributions which were themselves legal.

—A number of subcontracts were given companies owned by Chung's family.

—Hansen was subjected to "political pressures" which frustrated the fair allocation of Kukui Plaza apartments intended for low- and moderate-income families.

—The January 1976 agreement, signed by Fasi, which gave Hansen revenues from public parking stalls in the project for a time—the agreement which kicked off public exposure of possible wrongdoing in the urban renewal project when it was revealed in March 1976 news reports —was "of questionable legality."

THE REPORT is technically a

some of the charges in a plea bargaining arrangement.

THE FEDERAL charges, like the state indictment and allegations contained in the new Council report, centered on evidence that Hansen siphoned off money from the New York bankers financing the development, some of which found its way into Fasi's campaign war-chest.

One of the central arguments the Council used to justify its probe was its stated intention to look for remedial legislation to prevent recurrences of some of the things the Council believed were done improperly in the Kukui Plaza project.

The draft report includes these proposals for law changes and for changes in the procedures used in the development and allocation of housing for people of low- and moderate-income:

—The statute of limitations to prosecute violations of the campaign spending laws should be extended from the present one year to at least three years.

—The city's Office of Information and Complaint should be split to provide the mayor with a separate press secretary and give the city a separate ombudsman to handle the complaint functions.

"The appearance of abuse and the opportunities for misuse of the office by the mayor cannot be escaped under the current organization," the report says.

—The law should be clarified to avoid the type of conflict which arose when the city corporation counsel's office, making legal arguments supporting the city administration, also insisted it was the only proper legal representative of the Council.

(In the Kukui Plaza probe, the

Council finally won court approval to hire outside counsel.)

—The relationship between the state attorney general and the various county prosecutors should be more clearly defined. Laws should be passed so that when the state attorney general supersedes the authority of the county prosecutor, as happened in the Kukui Plaza case, the county police should report directly to the attorney general or a special prosecutor he appoints.

—The attorney general should have access to the county police and prosecutors' investigative records.

—Business registration records at the state level should be computerized and cross-indexed so investigators can more easily trace an individual's business connections.

—City Council committees should be given wider investigative powers, including the right to fine city officers and employees who don't cooperate.

—A law providing access to public records, similar to the Freedom of Information Act at the federal level should be passed.

—The city should try harder to maintain contact with persons displaced by urban renewal so they can get priority in the allocation of new units.

—In deciding their eligibility for the special-price housing (Kukui Plaza units were discounted heavily for low- and moderate-income buyers) the city should take into account the buyer's total net worth as well as the income guidelines.

—A random computer selection process might be tried to make the allocation of city-sponsored low-priced housing units more equitable and "to eliminate one area in which political pressures, destructive to the public interest, may be exerted on the developer."

THE NEWS REPORTS that kicked off the Council probe involved disclosure of the January 1976 agreement between Fasi and Oceanside that gave Hansen's company the right to keep revenues from parking stalls for three years or until the company had made a 6 percent profit on the development, whichever came first.

The Council report also says members had been approached with allegations that "political influence had been exerted" in the acceptance of Oceanside's proposal for the development of what was formerly called Block G.

The Council battled the Fasi administration in court nine times and each time successfully defended its right to conduct the investigation.

Ambiguities in documents setting up the development agreement with the city, as well as "irregularities" in the January 1976 agreement on the parking stalls, "have raised serious questions of mis-, mal- and non-feasance on the part of those responsible for the drafting, negotiation and approval of the project documentation," the ~~report~~ says.

For tax, wire fraud violations

Hansen sentenced to 18 months

BY JAMES DOOLEY
Advertiser Government Bureau

Stunned and grim-faced developer Hal Hansen listened to a federal judge sentence him yesterday to 18 months in prison for tax and wire fraud violations committed during development of the city sponsored Kukui Plaza project.

The sentence the maximum under a bar gain reached by Hansen with the U.S. Justice Department, was handed down by U.S. District Judge Dick Yin Wong.

Hansen's attorney, Lawrence I. Weisman had asked Wong to sentence Hansen to probation only. Weisman said his client suffered enough since the Kukui Plaza scandal broke more than two years ago.

Hansen said nothing in his own behalf deferring to Weisman.

After Weisman finished a lengthy presentation for Hansen, Wong immediately handed down his sentence, without asking for comments from Howard Chang, deputy U.S. attorney in charge of the case.

Wong told Hansen to surrender to authorities within a week's time, but amended that to 10 a.m. Sept. 5 in accordance with a request from Weisman.

Hansen is scheduled to appear in circuit

court Aug. 31 to face a contempt of court charge left over from his refusal to testify as a prosecution witness last year in the Kukui Plaza bribery trial of Mayor Frank F. Fasi and Harry C.C. Chung.

Both Hansen and Weisman refused comment after yesterday's court session.

Chang who arranged the plea bargain with Hansen earlier this year said he felt the sentence was a good and appropriate one.

He said the sentence was "in the high range nationally for similar offenses."

Hansen, former president of the firm that developed the \$50 million Kukui Plaza urban renewal project in conjunction with the city,

was indicted twice last year by a federal grand jury which charged him with four counts of wire and mail fraud and three counts of false income tax reporting.

His plea bargain called for him to plead guilty to one count of failure to report some \$40,000 of income in 1973 and one count of defrauding some \$5,000 by wire from a New York construction lender for the Kukui Plaza development.

In the plea for leniency yesterday, Weisman said his 44-year-old client had "stumbled and



J.W.
P.M.

P.M.

FILES AND RECORDS DESTRUCTION ORDER

Date _____

TO: _____

FROM: _____

RE: File No. _____

I have reviewed this file, and under the criteria set forth in Part II, Section 3, of Manual of Rules and Regulations, this file should be:

Destroyed

under the 120-day Rule 1-year Rule 5-year Rule 10-year Rule

Retained

Justification for Retention is as Follows:

Case Agent's Initials _____

Supervisor's Initials _____

~~was caught in a violent conflict between two opposing political forces."~~

That referred to the warring political factions aligned with Fasi and Gov. George Ariyoshi. The men ran against each other for governor in 1974 and are involved in a rematch this year.

Since the Kukui Plaza scandal was revealed by The Advertiser in 1976 and traveled through a City Council investigation and the state investigation and aborted trial last year, Fasi has labeled it a "political vendetta" waged against him by his enemies.

Hansen's refusal to testify in the state case brought about a dismissal of the bribery charges against Fasi and Chung, the mayor's former campaign treasurer and businessman heavily involved in Kukui Plaza.

Hansen refused to testify despite a blanket grant of immunity from prosecution given him at the request of the state.

In a press conference last week, Hansen said that Fasi was an innocent man, that a bribe agreement never existed among himself, Fasi and Chung.

In the press conference, Hansen "repudiated" testimony delivered before a state grand jury last year to the effect that a bribe agreement did exist with Fasi. He said he had been "programmed" and "conditioned" by the state's special prosecutor, Grant Cooper, into testifying "inaccurately" before the grand jury.

The immunity grant in the state case protects Hansen from any possible perjury charge.

Hansen did not repudiate grand jury testimony that he contributed heavily and frequently to the Fasi campaign apparatus from 1970 to 1975, when both he and his company were suffering extreme financial difficulties.

The campaign contributions came in the form of cash — generated primarily by a Kukui Plaza dummy company created by Hansen — and goods and services. Most of the contributions were never reported.

Weisman told Wong yesterday that his client suffered enormously during the controversy. Weisman said Hansen is now broke and out of work and has no way to support his wife and three young children. Weisman said Hansen repaid all the money, plus interest, that he took without authorization from his own company.

The money that he failed to report to the Internal Revenue Service primarily "went to political contributions in a misguided effort to help Ocean-side (Properties Inc.)," Hansen's company, Weisman said.

Weisman said the offenses were committed in the "pre-Watergate" era and should be viewed according to "pre-Watergate standards." He also said that Hansen should be sentenced according to practices involved in other jurisdictions for cases involving corporate crime.

UNITED STATES GOVERNMENT

memorandum

DATE: 8/30/78

REPLY TO:
ATTN OF: SA [redacted]

SUBJECT: POLITICAL CONDITIONS
CITY & COUNTY OF HONOLULU
TO: SAC, HONOLULU (62-898)

b6
b7c

On [redacted] appeared before USDJ [redacted]
[redacted] and was sentenced to [redacted]
[redacted] in connection with Kukui Plaza investigation.
As a result of this the writer contacted AUSA [redacted]
and was advised by [redacted] that the Kukui Plaza investigation
has not yet been completed in that the IRS is continuing to
look into this matter and those associated with it. [redacted]
advised that there have been numerous records subpoenaed con-
cerning this matter [redacted]

b3
b6
b7c

[redacted] These records cannot at this
time be reviewed by the FBI without a Rule 6E authority. He
did advise, however, that he and the other AUSAs would definitely
make available to the FBI any information concerning federal
violations which fall within their jurisdiction in the future.
He indicated that there had been no information brought to their
attention which should have been passed on to the FBI for
investigative attention.

RHW/ctm
(1)

RHW (in)

SAC H

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FBI - HONOLULU	

[Signature]



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5010-112

~~State prosecutor's report~~

on Kukui case is delayed

By JAMES DOOLEY
Advertiser Government Bureau

A report on the state's investigation and aborted prosecution of Mayor Frank F. Fasi and Harry C.C. Chung, tentatively scheduled for completion earlier this week, won't be finished until Feb. 20, its author said yesterday.

The Kukui Plaza bribery charges against Fasi and Chung were dropped in late December after a key prosecution witness refused to testify.

Yesterday, state special prosecutor Grant Cooper, who handled the case, said he couldn't finish his report by the Jan. 31 deadline.

But Cooper said he went off the state payroll yesterday and will continue working on the report without pay. The Feb. 20 date is a self-imposed deadline, he said.

Cooper, a Los Angeles attorney, was hired by the state in November 1976 as a special prosecutor to investigate and, if necessary, prosecute

The indictment was returned largely on the basis of grand jury testimony from Hal J. Hansen Jr., the former president of Oceanside Properties Inc., the firm that developed Kukui Plaza in conjunction with the city.

When the case finally went to trial in December, Hansen steadfastly re-

fused to testify, despite a grant of immunity from prosecution from the state.

He spent two weeks in the Halawa jail on a contempt-of-court charge before the judge in the trial became convinced that Hansen would not testify no matter how long he was incarcerated. He released Hansen

allegations of criminal conduct arising from the City-sponsored Kukui Plaza housing project.

Cooper was paid at the rate of \$500 per day for out-of-court work and \$750 per day for court appearances.

Fasi and Chung, the mayor's former campaign treasurer, were indicted on the bribery charges in March 1977.

HONOLULU ADVERTISER
HONOLULU, HAWAII
2/2/78
HOME
PAGE A-5

62-898

SEARCHED	INDEXED
SERIALIZED	FILED
FBI - HONOLULU	
11/17/78	

and granted a motion for dismissal of the case from Cooper the same day.

Cooper had said that without Hansen, he did not have a case.

Hansen's primary stated reason for refusing to testify was fear that his testimony would be used against him in two federal criminal cases pending against him. That argument was ruled illegitimate by U.S. District Judge Dick Yin Wong.

Yesterday Cooper said his investigative and support staff was disbanded as of Tuesday, except for a secretary being used to type his report.

In another development, Kekoa Kaapu, chairman of the City Council's finance committee, said yesterday that three of Cooper's staffers, who began investigating Kukui Plaza for the council in April 1976, will be drafting a report of the council's findings.

The three — Martin Plotnick, Susan Au and Susan Schlamb — worked for the council in April

November 1976, at which time they were hired by the state to assist Cooper in his investigation.

No council report was written because the council investigative records were turned over to the state when Cooper was hired, according to Kaapu, a former chairman of the council committee that investigated Kukui Plaza.

Kaapu said an "intergovernmental agreement" was being drafted between the council and the office of Attorney General Ronald Amemiya concerning the work of Plotnick, Au and Schlamb.

Although not completed, the agreement will allow the three to continue working on the council report out of the attorney general's office, with the council reimbursing the state at a later date, Kaapu said.

Cooper said his report will be turned over to Amemiya upon its completion.

He said he plans to return to California immediately after he finishes his report.

*Surprise payments
to Buell, Zbin in
list of Kukui costs*

HONOLULU ADVERTISER
WED., 1-4-78
PAGES 1 and 5 (A)

62-898

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JAN 5 1978	
FBI - HONOLULU	

By JAMES DOOLEY
Advertiser Government Bureau

The cost of the state's 13½-month investigation and prosecution of the Kukui Plaza bribery case was \$493,405, according to figures released yesterday by Attorney General Ronald Amemiya.

The itemized breakdown — Amemiya last week gave a rough cost estimate of \$485,000 — contained one major surprise in a line item of \$25,343 for "witness fees."

Amemiya told The Advertiser yesterday evening most of that money went to reluctant prosecution witness Hal Hansen, who never testified in the aborted trial. But the total also included \$900 per month payments to another prospective witness and a flat \$2,500 payment to a third witness who never even testified before the grand jury.

Hansen began receiving \$1,200 per month in "witness subsistence" money from the state when he

agreed to become a prosecution witness against Mayor Frank F. Fasi and Harry C.C. Chung back in March.

Those payments continued through November but were halted after Hansen decided he didn't want to testify in the bribery trial.

The state sought and received a dismissal of the case last week after Circuit Judge Toshimi Sodetani be-

Related story on Page A-3.

came convinced that Hansen would not testify despite being jailed at Hawa Correctional Facility.

When questioned about the witness fee line item yesterday, Amemiya revealed that the state had been paying \$900 per month "since June or July" of 1976 to another prosecution witness, Norman "Red" Buell.

Buell was the president of a construction supply firm allegedly used by Hansen as a "dummy company" to generate cash for alleged bribe

payments to Fasi and Chung.

Amemiya and prosecutor Grant Cooper said the payments to Buell were necessary because without them Buell would have left the country last year for a job he had lined up in Saudi Arabia.

The case was originally to have gone to trial in June but was beset by numerous delays and didn't open until late December.

After the first delay, Buell told the state he needed to make a living and intended to go to Saudi Arabia unless the state could compensate him for the lost income, Cooper said.

When the Kukui controversy first began in early 1976, Buell told The Advertiser he was suffering from terminal cancer.

After Fasi and Chung were indicted in March 1977, it was learned that Buell's cancer was arrested and he was in no danger of dying.

Amemiya also revealed yesterday

See KUKUI on Page A-5

From Page 1

that the state in early 1977 paid a \$2,500 witness fee to Joseph Zbin, a former executive under Hansen in the firm that developed the \$50 million Kukui Plaza project.

Unlike Buell and Hansen, Zbin never testified before the grand jury that investigated Kukui Plaza and indicted Fasi and Chung.

Zbin did testify at length during the 1976 City Council investigation of Kukui Plaza.

Amemiya said yesterday he didn't precisely know why the state paid Zbin the \$2,500.

"I was not involved in the witness interviews," Amemiya said.

Cooper said he had only a vague recollection of the payment to Zbin

but said he didn't authorize it.

"I think that there was some agreement made with him about that before I came on board," Cooper said.

Cooper, a private attorney from Los Angeles, was hired by the state in November 1976, as a special prosecutor in charge of investigating and, if necessary, prosecuting the Kukui Plaza case.

Prior to the indictment of Fasi and Chung, Cooper said, Hansen and Zbin were subjected to lie detector tests which Hansen passed and Zbin failed.

At that point, the state determined that Zbin was not needed as a witness, according to Cooper.

Reached for comment last night, Zbin said the money was offered to

him by the state and he accepted it because of financial difficulties at the time.

Zbin now operates a security guard firm under contract with the federal government at the new federal building.

His partner in the company is David Ellis, formerly a Kukui Plaza investigator with both the City Council and Cooper's office.

Other costs listed by Amemiya for the Nov. 15, 1976 to Dec. 31, 1977 Kukui Plaza investigation/prosecution included:

* \$152,867 to Cooper. His rate of pay was \$500 per day for non-trial work and \$750 per day for court ap-

pearances.

Cooper said last week the salary was consistent with that received by private sector attorneys doing comparable work.

* \$113,904 in salaries to Cooper's staff.

* \$93,442 to the auditing firm of Coopers and Lybrand, hired by the state to audit both the Kukui Plaza project and Hansen's personal finances.

* \$50,027 in rental of space for Cooper's office at 345 Queen Street

* \$20,338 for office equipment rental and \$6,253 for equipment purchase.

Other costs were \$4,949 for office

supplies, \$4,515 for telephones, \$552 for repairs and maintenance; \$4,703 for the taking of sworn depositions, \$7,452 in travel expenses, primarily for trips to the Mainland by Cooper's investigators to interview witnesses, and \$9,060 for "miscellaneous."

Amemiya said the final total of Kukui Plaza costs will probably be about \$20,000 to \$25,000 more after Cooper and his staff finish writing a case report next month.

The cost figure will not include salaries paid to full-time employees in the Attorney General's Office who worked part or full time on the Kukui Plaza case.

Amemiya said last week about four or five persons fell into this category, most notably Assistant Attorney General Larry Zenker, who assisted Cooper in the case investigation and prosecution.

Zenker earns \$40,000 yearly.

The cost of the 1976 City Council investigation has been pegged at about \$375,000, but half of that is a disputed bill from a security firm which may not be paid.

Court costs have not been totalled but would include \$20 per day payments to the 12 trial jurors and two alternates, plus the cost of feeding and housing the jurors at the Ala Moana Hotel since jury selection began in October.

Kukui Plaza Case: How It Developed

The Kukui Plaza story, which reached a climax yesterday with the dismissal of bribery charges against Mayor Frank F. Fasi and his former campaign treasurer, Harry C.C. Chung, had its beginnings soon after Fasi took office in January 1969.

Fasi's new administration soon began looking at urban renewal possibilities and in 1970 asked for proposals for what was then known as Block G, a piece of land bounded by Beretania Street, Nuuanu Avenue, Kukui Street and the Pali Highway, which had been standing vacant for some time.

Because the city was looking for a concept, as much as for someone to carry it out, the housing department solicited proposals from eight or nine developers — as is common with urban renewal, it did not draw up its own plan and seek bids from construction contractors.

Hal J. Hansen's Oceanside Properties Inc. — undergoing a bankruptcy reorganization but holding a letter from the bankruptcy judge urging the city not to discriminate against it if all other things were equal — submitted its proposal along with the others.

THE OCEANSIDE proposal differed from the others, rental proposals, in that it offered title condominium ownership to the residents and promised that 227 out of its 908 apartment units would be offered at substantial discounts to persons of low and moderate incomes, fulfilling the city's main requirement — that the property be used to house persons not so well off.

Oceanside was selected. As a condominium, its proposal would be self-financing and the only public assets committed to it were the property itself and the coordination efforts of some people in the housing department.

Hansen, the sole common stockholder, demonstrated a flair for obtaining financing, despite the fact that his company was in the red to the tune of \$3 million or more and was run by a board of directors appointed by the bankruptcy court and made up of creditors still unpaid from the 1967 financial collapse.

Bankers Trust Co. of New York, a typical hard-nosed East Coast bank, loaned \$36 million for construction financing and the project got under way.

BY THE END of 1975, the \$50 million project was essentially complete and sales were well under way.

There had been delays, but the way was clearing and it appeared that the twin-towered, apartment-commercial complex would be a great point-scorer as a city urban-renewal success.

Throughout those development years, however, there were rumors of political influence peddling and a vague atmosphere of corruption, promoted by Fasi's political opponents.

(Fasi was elected largely on the basis of a promise to clean up corrupt practices he claimed existed in the government of the previous mayor, Republican Neal S. Blaisdell.)

IN MARCH 1976, published reports appeared that Hansen had obtained from Fasi a change in the basic development agreement, without public disclosure or the consent of the City Council, allowing Oceanside Properties to keep revenues for a time from half of the 1,800 parking stalls in the complex.

The stalls were earmarked for public use in the development agreement and the agreement said the revenues should go to the city.

City Councilman Kekoa Kaapu seized on those disclosures to demand a full investigation.

Kaapu, who had been Fasi's urban renewal coordinator for a time and later was to change his allegiance to run against Fasi in last year's mayoralty race as a Republican, launched a council investigation.

A prominent local law firm, Hart Leavitt and Hall, was hired to probe and used Council subpoena power to the hilt, winning its right to do so in a hard-fought series of court battles.

HONOLULU STAR-BULLETIN
HONOLULU, HAWAII
12/28/77
HOME
PAGE A-2
67-898

CD-858
N.Y.D.
12/28/77

1977

HONOLULU
12/28/77

fake invoices to his bankers to draw money out and that much of the money was in cash.

Hansen, as he was to do later when he finally got into Circuit Court as a witness, stood on his Fifth Amendment rights and refused to tell the City Council anything.

After some prominent display of "follow-the-money" charts and a good deal of evidence used as back-up for the allegation that Hansen had paid off Fasi for the development rights, the Council closed its probe.

Holck, who was chairman when the investigation was basically concluded in late October (although it continued into January 1977 with sporadic hearings and statements), passed whatever material he had over the state and federal offices for pursuit of what he said might be criminal charges.

IN NOVEMBER of 1976 it was revealed that State Atty. Gen. Ronald Y. Amemiya had retained Grant B. Cooper, a prominent Los Angeles defense lawyer but sometime prosecutor, to investigate the case as a special deputy attorney general and to prosecute any crimes he found.

Vowing his independence from the political structure, Cooper set up shop in an office on Queen Street, away from the attorney general's office.

Martin D. Plotnick, the former communications consultant who had spearheaded the Council's investigative staff, was hired as chief investigator and several of the Council's probe staffers joined him.

Fasi quickly labeled Cooper a "hired gun" whose sole object, according to Fasi, was to do Gov. George R. Ariyoshi's political bidding and work to remove Fasi from the political race, a charge Cooper has steadfastly denied.

IN LEGAL BATTLES that raged up to the State Supreme Court, the state asserted its right to subpoena bank records and other private papers and to head off an effort to have then City Prosecutor Maurice Sapienza go the grand jury — a move state officials claimed was intended to block their probe.

Fasi meanwhile, in repeated public appearances, continued to deny any wrongdoing. He pointed to the success of Kukui Plaza itself today almost entirely sold out and housing 227 moderate-income families in pleasant surroundings.

And he kept hammering away at the claim that the state probe was yet another effort to discredit him in politics.

Hansen was given immunity at the state level and testified before a grand jury that convened in March of this year.

FINALLY, ON March 21, the grand jury voted a bribery charge against Fasi and Chung jointly and a "reserve" theft charge against Chung, apparently intended for use if the other charge failed.

The indictment alleged that Fasi and Chung entered a "corrupt understanding" with Hansen, before Hansen's company was given the Kukui Plaza job, to the effect that the developer was to pay Fasi, in the form of campaign contributions and other payments to be dictated by Chung, the sum of \$500,000 as a bribe.

In return, the indictment said, Hansen's company was awarded the Kukui Plaza development rights in 1971. Later, according to the indictment, Hansen paid over some \$65,000 in cash, checks and goods — most of it going either to the Fasi campaign war-chest or to Fasi's symphony fund-raising ball.

Never one to be upstaged, Fasi that same day formally announced his candidacy for the governorship and swore that what he labeled as Ariyoshi's political vendetta against him would only result in Fasi's election.

IT WAS CLEAR that Cooper had a great deal of physical evidence — the Council probe had brought out records of bank accounts and money transactions that showed without a doubt that Hansen had paid large amounts of money, allegedly at Chung's direction, to the Fasi campaign war chest or other causes helping Fasi.

He had Hansen's testimony at the grand jury, made in return for his immunity grant. He had the testimony of former businessman Norman Buell, who had told the grand jury how he used a dummy company and wrote fake invoices to help Hansen siphon off money from Bankers Trust.

Buell told in an affidavit how he was present when Hansen wanted out some \$20,000 in cash on one occasion and said he (Hansen) was taking it to Chung.

POLITICS REARED its head in the Council.

Kaapu stood aside as investigating committee chairman because of his public political opposition to Fasi. George Akahane, who appeared to some Council members to be favoring Fasi, was ousted as council chairman.

Another councilman, Wilbert "Sandy" Holck — who has made his anti-Fasi feelings fairly well known — took on the chairmanship of the probe committee, and finally, there were some important disclosures in public hearings.

Fasi described the televised and thoroughly reported hearings as a "kangaroo court" and an attempt at political intimidation motivated by Gov. George R. Ariyoshi's ambition to keep his position.

Using subpoena powers, however, Council investigators were able to show that Hansen and Oceanside Properties had passed considerable sums of money over to Fasi's fundraising right arm, Chung, earmarked for various campaign uses.

THE COUNCIL probe revealed that Hansen had apparently sent

lawyer, and a younger attorney with a good courtroom performance, Wayne Sakai, was retained to do the argument in court.

Chung came up with his pair of defense lawyers, equally highly rated: Bert S. Tokairin and Matthew Pyun. The state backed Cooper with Assistant Atty. Gen. Larry Zenker and a team of deputies and the battle was on.

The defense lawyers threw up a flurry of pretrial motions. They charged Cooper with prosecutorial misconduct. They accused him of promoting prejudicial publicity aimed at influencing a future jury.

Cooper won those cases before Circuit Judge Toshimi Sodetani.

BUT AT THE beginning of August, actually on the day the jury selection was to begin in the Kukui Plaza case, Amemiya's office obtained yet another bribery indictment against Fasi and Chung.

The charge was that they conspired to take a bribe from civil engineer Richard Towill's firm and paid off Towill directly in the form of non-bid city sewer consultancy contracts.

Word got out, and the Fasi-Chung defense team claimed the state made the move only to influence the Kukui Plaza jury. The trial went into recess while that argument was thrashed out and jury selection did not begin again until Oct. 1.

It was a painstaking process, with Sodetani publicly accepting the political nature of the case and the massive publicity it had engendered, with almost daily headline stories in the print and broadcast media.

It took as much as eight hours to screen a single juror. Meanwhile there were further interruptions with pretrial defense motions.

ON OCT. 5, THE Star-Bulletin reported in a copyrighted story that Hansen was having doubts about testifying. He was worried about the possible impact of his state court statements on cases pending in federal court.

A federal grand jury had charged Hansen with mail and wire fraud because of the alleged Bankers Trust transactions and later he was also charged with filing false federal income tax returns. After some more bargaining, Hansen was given a new grant of complete, unconditional state immunity and it was apparently understood by state prosecutors that Hansen would testify.

That immunity came after Hansen filed a lawsuit in federal court claiming \$25 million from State officials on the grounds that his civil rights were being violated. The suit was dropped when the new immunity grant was drawn up and Cooper said Hansen would testify.

AT LAST THE 12 jurors and two alternates, some of whom had been sequestered for two months away from families and friends, on Dec. 8, heard Cooper's opening statement for the prosecution and the long-delayed trial was under way — in theory.

Cooper used charts, which he was careful to state were not evidence, showing Hansen's payments to Chung.

But the test came when he called Hansen to the stand the next day. The developer refused to testify, saying that regardless of state assurances he was still convinced his chances in federal court would be hurt by talking now.

Cooper asked for and was awarded four separate counts of contempt of court against Hansen, and Sodetani sent the developer to Halawa Jail indefinitely, or until such time as he agreed to testify.

Hansen, in more court moves all the way to the federal appeals court, fought to stay out of jail but spent two weeks in Halawa, housed in special isolation and protected by Honolulu Police Department guards.

SODETANI AT LAST brought Hansen to court yesterday, heard yet another firm refusal to testify, dismissed the case against Fasi and Chung and ordered Hansen released from jail.

Fasi, Chung and Hansen are now free of the Kukui Plaza matter, except for Hansen's federal criminal charges.

What will become of the mountain of evidence Cooper piled up before his case was derailed remains to be seen. Apart from some leaks, the bulk of the grand jury testimony remains secret.

Cooper was not given a chance to test in court his announced proposition — that he could use circumstantial evidence to establish a conspiracy and prove that Hansen's payments to Chung were bribes aimed at rewarding Fasi for the Kukui Plaza contract.

FASI-CHUNG CASE

DISMISSED

Developer
Hansen

Goes Free

By Grace Feliciano
Star-Bulletin Writer

Circuit Judge Toshimi Sodetani today dismissed bribery charges against Mayor Frank F. Fasi and his former campaign treasurer, Harry C.C. Chung.

State Special Prosecutor Grant B. Cooper made the motion for dismissal "with a heavy heart, feeling that justice has been thwarted."

Before the ruling, key witness Hal J. Hansen, the Kukui Plaza developer who has been in jail two weeks for refusing to testify, again told Sodetani he "does not intend to" and "will not testify" in the bribery trial. The trial had been in limbo since Hansen's incarceration.

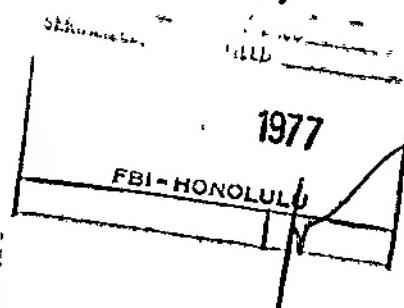
Sodetani said that because Hansen has consistently said he will not testify and because the state has said that without Hansen's testimony it cannot establish its case, "the court is of the opinion that further proceedings are unwarranted and, in the interests of justice, should be terminated."

COOPER TOLD the court that in March Hansen testified under oath to the Oahu Grand Jury to facts that justified the return of an indictment against Fasi and Chung.

Cooper said more than 100 witnesses had been subpoenaed and that a lot of money was spent on drawing up charts which were to be used to trace the "money used as bribe for this case."

Cooper said that he saw from the "facts of the case that the defendants are guilty."

HONOLULU STAR-BULLETIN
HONOLULU, HAWAII
12/27/77
HOME
PAGE A1, A4



SODETANI GRANTED the request for dismissal, then ordered Hansen's release.

The judge thanked the 12 jurors and two alternates who have been sequestered through the Christmas holiday—some since the beginning of October—for their cooperation.

Fasi is in Hartford, Conn., because his father, Carmelo, died there Dec. 23.

Chung, who has remained silent since the case began with a grand jury investigation in March, left the

court with a smile and no comment.

His attorney, Bert S. Tokairin said—"Christmas came two days late," and Tokairin's co-counsel Matthew Pyun, who did most of the talking in court, said, "We're happy, we're happy."

A. William Barlow, Fasi's counsel, said he had hoped Hansen would testify to clear the air, but he was obviously pleased the case is over.

Hansen, smiling broadly as he left the Circuit Court building, declined comment but said he might issue a statement later.

EARLIER TODAY, Cooper challenged Hansen to prove his allegation—made in his turnabout to a refusal to testify—that the state was trying to "frame" Fasi and Chung.

AFTER CONFERRING with his attorney, Lawrence I. Weisman, Hansen said, "As I told you prior to the grand jury hearing in March, I did not feel then or now that there ever was a quid pro quo (something in exchange for something else) or bribe agreement."

Largely on the basis of Hansen's testimony to the grand jury in March, Fasi and Chung were indicted on charges of arranging a \$500,000 bribe in exchange for giving Hansen the development rights to the \$50 million Kukui Plaza urban renewal project.

Cooper reminded Hansen today of a June 21 letter to Cooper in which the Kukui Plaza developer said his grand jury testimony would not be "in the least bit inconsistent" with what he would testify to in the trial.

PRETRIAL MOTIONS filed by the Fasi-Chung defense in May detailed much of what Hansen told the grand jury.

Asked about arrangements he made to pay money to Chung, after what Cooper described as a "facts of life" discussion between Hansen and Chung, the developer told the grand jury he recognized the "relationship between Harry and Frank."

Hansen said he assumed "that Frank (Fasi) would know about or at least know pretty much about what we were doing, if not all of it."

The prosecution alleges that Chung was Fasi's agent in arranging a bribe with Hansen.

HANSEN, DESPITE a state grant of full immunity from prosecution on any charges arising out of the Kukui Plaza case, refused two weeks ago to testify in the bribery trial.

He said then, as he said today, that his testimony in the state trial would prejudice his defense in two pending federal cases against him for mail, wire and income tax fraud.

Not Surprised, Mayor Says

Mayor Frank F. Fasi, in Hartford, Conn., for the funeral of his father, Carmelo Fasi, said he was not surprised that the bribery charge against him was dropped.

"Well, as I said from the beginning, this is nothing more than a political vendetta," Fasi told the Associated Press:

"It had to come," Fasi added, saying that he was not surprised.

"The bottom line was that I never did what they said I did. We knew it was coming because their key witness, after having been given full immunity from all state charges, filed the motion with the court last week in which he accused the state government of trying to frame me and said that he would have no part of it."

"HE ALSO STATED in the motion he was forced by the state to make 'inaccurate statements' to the grand jury so that the whole truth was never given to the grand jury. He also charged the prosecutor with threatening him with 15 years in jail without hope of parole if he did not cooperate. So I'm not too surprised that the case was finally dismissed."

Asked about the effects of the ruling, Fasi said:

"You've got to understand one thing, that the governor of the state by his polls shows that I am leading him now four or five to one. Since they gambled to try to smear me and it didn't work, they might try something else, knowing how desperate they are."

"I said two weeks ago that no matter what happened to me, this governor would not be re-elected."

62-898

1977

FBI - HONOLULU

HONOLULU STAR-BULLETIN
HONOLULU, HAWAII
12/27/77
HOME
PAGE A-1

Magistrate releases

Hansen; King says

no, jails him again

By JAMES DOOLEY
Advertiser Government Bureau

Key Kukui Plaza bribery trial witness Hal Hansen was sprung from Halawa Jail for about two hours by a federal magistrate yesterday before being sent back by federal District Judge Sam King, who ruled the magistrate had "made a mistake."

The strange day in an already strange case began when the Hawaii Supreme Court yesterday morning refused to grant a writ of habeas corpus, requested by Hansen, that would have released the reluctant witness from Halawa after a night's stay in jail.

Hansen was jailed Monday evening for refusing to answer questions by the prosecution, despite a grant of immunity in the state's bribery case against Mayor Frank F. Fasi and Harry C.C. Chung.

He was sent to jail by state Circuit Judge Toshimi Sodetani, presiding officer in the bribery trial, to remain there until he testifies or the case is dismissed because of his failure to do so.

After the Supreme Court turned down Hansen's request for a writ of habeas corpus, his attorney, Lawrence I. Weisman, took the same request across the street to federal court.

There Weisman, in the company of four lawyers representing Fasi and Chung, met privately with federal Magistrate Thomas Young for about 10 minutes.

A federal magistrate is a low-level federal judge, with less power and functions than those accorded federal district judges.

After the private meeting, the lawyers met with Young in open court at 11:45 a.m. to ask for Hansen's release from Halawa.

Grant Cooper, special prosecutor in the state's bribery case, was not present at the private meeting or public hearing. He said later he had no idea the proceedings were taking place.

At the hearing, Weisman asked that his client be released, charging that the confinement was illegal and that Hansen had been "subjected to threats, promises and attempted bribes" by state officials.

Weisman argued that Hansen had refused to testify primarily because of fear that his testimony could be used against him in two federal criminal cases.

Weisman and the Fasi-Chung defense team made the same arguments and charges — unsuccessfully — before Sodetani in state court and in the habeas corpus request submitted to the Hawaii Supreme Court.

Young approved Hansen's release and in the process made comments strikingly critical of the state's prosecution of Fasi and Chung, the mayor's former chief political fundraiser and campaign treasurer.

Young said he had read the request from Weisman and found "that the federal habeas corpus statute does mandate a favorable view of the individual's application, especially in the case before this court." What is at stake, said Young, "is a

See HANSEN on Page A-1

HONOLULU ADVERTISER
HONOLULU, HAWAII
12/14/77
HOME
PAGE A1, A4

62-898
1977
FBI HONOLULU
187

man's liberty . . . in a trial that is taking on the appearance of a titanic political struggle."

"Hansen's incarceration might be "a wrongful use of or abuse of judicial process to resolve the different sides of the case," Young said.

"This court is taking no position as far as the ultimate outcome" of the state case, Young said.

"One would have to be blind if one were not aware that perhaps what we have here is a question of impropriety and lack of legitimacy," he said.

Young added that he wanted to make it "emphatically clear that this court will not engage in an exploration of the reasons that gave rise to this (Fasi-Chung) prosecution."

He then ordered Hansen released, pending a full hearing Monday, with state officials participating, on the question of whether Hansen should be in jail while a formal appeal of his incarceration is considered by the Hawaii Supreme Court.

A formal appeal could consume anywhere from weeks to years.

In the meantime, the Fasi-Chung bribery trial has been suspended, with the jury sequestered at a Honolulu hotel, while Hansen decides whether he will testify.

After Young handed down his decision, Weisman told reporters to assemble at his Bethel Street office at 2:30 p.m. for a press conference at which Hansen was to discuss his "night in Halawa."

The mechanics of release took longer than expected, however, and Hansen did not leave Halawa until approximately 2:30, arriving at Weisman's office shortly before 3 in the company of two plainclothes police officers.

The police have been guarding Hansen, even inside Halawa, since Friday when the state called off its protection of the witness because of his refusal to testify.

At about 2:20, Cooper, Assistant Attorney General Larry Zenker and Deputy Attorney General Michael Lilly met with King privately in King's chambers, asking him to overturn Young's ruling.

At 2:45, Weisman's secretary took a call from King's office but told the caller Weisman was not available.

The attorney was outside on Bethel Street, waiting for his client to arrive from Halawa for the press conference.

The police guarding Hansen were finally notified to bring the developer to King's chambers.

At 3:10 p.m., Weisman told reporters "the party's over," meaning that there would be no press conference, and said he and his client were on their way to federal court.

King convened an impromptu hearing in his chambers at 3:20 p.m.

At the hearing King told Weisman and Hansen he was revoking Young's order because the magistrate "didn't have the authority" to issue it. King said magistrates only have the power to issue writs of habeas corpus when an incarcerated individual is needed physically in court.

This was not the case with Hansen, King said.

And even if Young had had the authority to issue a writ, King said, he didn't follow the proper procedure as set down by federal statute.

The statute says that before a writ

is issued, a hearing must be held involving all concerned parties on the subject of whether it should be issued.

King scheduled a hearing on such an "order to show cause" for Monday and ordered Hansen back to jail pending the outcome of that hearing.

If the hearing shows a writ is necessary, it will be issued, or vice versa, King said.

If the issue is unclear, then a full-fledged evidentiary hearing, including the calling of witnesses and presentation of evidence, will be scheduled as soon as possible, probably "Tuesday, Wednesday or Thursday" of next week, King said.

King said he may not hear the case since his son is an attorney in the Fasi administration.

King observed that the federal statute involved was adopted "precisely so a federal court couldn't come hopping with both feet into a state case."

Weisman said Hansen's release from and return to jail within a matter of hours was a "wrench" for his client.

"He has been subjected to all sorts of indignities (in jail) and no sooner does he smell the light of air" than he is returned, Weisman said.

"It was a mistake on our part," King said, adding that at least Han-

sen had gained two hours of freedom.

Weisman asked if his client could not be held instead at the police department cellblock, a request turned down the day before by Sodetani.

The reason for the request, Weisman said, was that Hansen feared for his life while being held at a state-run facility.

Lilly then said that Hansen is under 24-hour surveillance by police officers while in Halawa.

Weisman argued that Hansen's confinement at Halawa with "murderers and rapists" represented cruel and unusual punishment because he was being held in a "punishment ward."

Lilly later told reporters that Hansen was being held in a "segregation ward" with individual cells where prisoners to be segregated from the Halawa general population are housed.

Lilly said there are no prisoners in the cells on either side of Hansen or in the cell opposite him.

Hansen, unshaven and grim-faced, left federal court at approximately 4:10 p.m. and was driven back to Halawa by a police officer.

When asked by reporters if he thought he was being treated unfairly, Hansen said: "I certainly do."

Beyond that he had no comment.



Samuel King
Ruling 'a mistake'



Advertiser photo by Roy Ito

Key Kukui Plaza trial witness Hal Hansen arrives at his attorney's office yesterday.

Hansen indicted on four counts of mail, wire fraud

By JAMES DOOLEY
Advertiser Government Bureau

Some 10 months after it began an investigation of the Kukui Plaza project, a Federal grand jury yesterday returned a four-count mail and wire fraud indictment against developer Hal J. Hansen, key witness in the State's bribery case against Mayor Frank Fasi and Harry C.C. Chung.

Three charges allege that Hansen used telegraph wires to fraudulently get a New York bank to release portions of a construction loan for Kukui Plaza. The fourth charge alleges that Hansen used the mails in fraudulently padding a bill from a cabinet company that did Kukui work.

Hansen surrendered to postal authorities and U.S. marshals at noon at the new Federal Building, was arraigned in Federal District Court and was freed after his attorney, Howard Hoddick, posted the required 10 per cent of a \$10,000 bail. Hansen said at his arraignment that he

is \$300,000 in debt and has only \$500 in the bank.

Hoddick asked for and received a two-week delay to Sept. 12 before Hansen must enter a plea on the charges against him.

U.S. Atty Harold Fong presented evidence in the case to the grand jury yesterday morning and said that when the indictment was returned that it was part of an "ongoing investigation."

The Advertiser learned that a possible additional multiple count indictment of Hansen, centering on potential income tax liabilities, is under review in Washington.

Fong declined comment on the matter.

Sources told The Advertiser that the income tax investigation was completed in March by the Internal Revenue Service and has survived extensive review by officials of the

See DEVELOPER on Page A-7

PAGES A-1&4
HONOLULU ADVERTISER
8/31/77

62-898

had
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Justice Department Tax Division

"The investigation is not yet over," Fong said at an impromptu news conference yesterday.

He said his office is under a "time constraint" in the investigation since the grand jury will be disbanded when its term expires "in about a month."

Fong said the investigation culminating in the mail and wire fraud indictment of Hansen was conducted in part by the U.S. Postal Inspector's Office here.

Other agencies were involved in the overall investigation but Fong said he could not name them because of Federal "disclosure law."

Yesterday's indictment alleged that Hansen, former president of Oceanside Properties, Inc., the firm that developed the \$50 million Kukui Plaza project, devised "a scheme and artifice for obtaining money by false and fraudulent pretenses" between March 1 and Oct. 10, 1974.

The total amount of money involved in the four counts is \$50,912.88.

Each of the four violations charged in the indictment carries a maximum punishment of five years in prison and a \$1,000 fine.

The individual counts lodged against Hansen in the indictment were:

• That on or about March 12, 1974, Hansen "did knowingly and willfully, in the furtherance of the aforesaid scheme, cause funds to be transmitted by wire from Bankers

~~Trust Co.~~, New York, New York, to Hawaii National Bank, which funds included an amount of \$26,208 fraudulently obtained."

Bankers Trust provided a \$42 million construction loan to Oceanside for the Kukui Plaza urban renewal high-rise housing development.

The \$26,208 was used to pay a bill of the same amount to Oceanside from Project Supply, Inc., named in City Council hearings and in the State's case against Fasi and Chung as a "dummy company" used by Hansen to divert corporate funds to his own uses.

The founder and president of the now-defunct Project Supply is Norman "Red" Buell, also a key witness in the State's bribery case against Fasi and Chung, the Mayor's former campaign treasurer and chief political fund-raiser.

The Advertiser reported July 9, 1976, that Oceanside had paid Project Supply \$26,208 for work that was apparently never done.

The bill stated that the money was owed "for coordination and preparation of display centers/sales office space for your Kukui Plaza project."

The sales office was constructed and operated by Oceanside for approximately three months in mid-1974 at the City-owned Neal Blaisdell Center.

The bill was approved by then-Oceanside vice president Joseph Zbin, who last year was granted immunity from prosecution by Fong's office in return for his testimony about the ~~Kukui~~ Plaza project.

• That on or about April 4, 1974, Hansen caused a letter to be delivered to Oceanside containing an \$8,-212.88 bill from Oahu Cabinets, Ltd., which "had been fraudulently increased upon the direction" of Hansen.

Oahu Cabinets performed all mill-work at the Kukui Plaza project.

• That on or about April 10, 1974, Hansen "did knowingly and willfully cause funds to be transmitted by wire" from Bankers Trust to Hawaii National Bank including "fraudulently obtained" amounts of \$2,100 and \$9,360.

• That on or about Oct. 10, 1974, Hansen caused \$5,032 in "fraudulently obtained" funds to be transmitted by wire from Bankers Trust to Hawaii National Bank.

Hawaii National provided a portion of the permanent mortgage financing for Kukui Plaza and acted as legal disbursing agent in Honolulu for Bankers Trust construction financing.

The Federal indictment closely resembles a three-count first-degree theft indictment returned against Hansen by the Oahu grand jury last March 10. Hansen has received immunity from prosecution on those charges from the State Attorney General's Office in return for his testimony in the Fasi-Chung trial.

That trial, currently in the middle of a seven-week recess, is scheduled to resume with jury selection in late September or early October.

In the State theft indictment, Hansen was alleged to have stolen \$34,-

~~434.17~~ from Hawaii National Bank, Bankers Trust, other lending institutions and Oceanside during the same April 1-Oct. 10, 1974, period cited in the Federal indictment.

Fong said yesterday he had "considered" giving Hansen immunity from prosecution but "decided against it."

"You don't give immunity unless you expect to get something in return and hopefully what you get is better than what you gave up," Fong said.

He declined to comment on previous reports that State Special Prosecutor Grant B. Cooper, in charge of the Fasi-Chung case, had asked Fong early this year to grant Hansen immunity.

Fong also said he had "no direct knowledge" of political pressures being brought to bear on Justice Department officials in Washington to block prosecution of Hansen, a charge made by Fasi in recent months.

He said he did not believe that the Federal indictment of Hansen would interfere with the State bribery trial of Fasi and Chung.

Federal law requires that Hansen must go to trial within 120 days of his indictment, Fong said. But if Hansen is required to "appear in another jurisdiction" during that time, "I'm sure that would be ample justification for a continuance" of his trial on the Federal ~~charges~~, Fong said.

Cooper and State Atty Gen. ~~Ron~~ aid Amemiya declined comment on the Federal indictment.

Fasi and Chung were indicted by the Oahu grand jury on the bribery charge in March, largely on the basis of grand jury testimony by Hansen.

The indictment alleged that they solicited and in October 1970 accepted a \$500,000 bribe offer from Hansen. In return, the indictment charged, Hansen's firm was selected by Fasi to develop the Kukui Plaza project.

Only some \$65,000 of the promised \$500,000 was ever paid by Hansen to Fasi through Chung, in the form of campaign contributions and other political gifts and gratuities, according to the State indictment.

Fasi and Chung have pleaded not guilty.

Fasi has repeatedly termed the State Kukui Plaza investigation a political vendetta meant to force him out of next year's gubernatorial election.

The Kukui Plaza controversy began in March 1976 with the publication of a series of articles in The Advertiser concerning business concessions granted Oceanside by the Fasi Administration and connections between persons doing Kukui Plaza business with Oceanside and the Fasi political organization.

Kukui Plaza is a \$50 million private residential and commercial development in downtown Honolulu built under City contract on City-~~owned~~ urban renewal land.



Hal J. Hansen
Being probed by JRS

Fasi FBI Story

Confirmed

By Stirling Morita
Star-Bulletin Writer

U.S. Atty. Harold M. Fong said yesterday that his office records show that there was an attempt last September by State Atty. Gen. Ronald Amemiya to initiate a federal probe of Mayor Frank F. Fasi.

The Fong memo, dated Sept. 3, generally backed up a recent statement by Fasi, who has charged that the aborted investigation was yet another State-inspired move to discredit him as a mayoral or gubernatorial candidate.

Also, Fong made public another memo on the same subject but which failed to name who was to be investigated.

IT WAS WRITTEN Sept. 1 by Charles J. Devic, then head of the local FBI office. Yesterday, Devic told the Star-Bulletin that he could not recall if he had ever been asked to investigate Fasi during his stint here before transferring to an FBI office in South Carolina.

Fong surmised that Devic did not put in the memo the name of the probe's target because to do so would be "so accusatory" with the primary election for mayor just a month away.

Although Devic said he did not remember talking to Fong about the State having possible evidence against Fasi, Fong repeatedly said: "It is my strong recollection that we talked about Mr. Fasi."

In a telephone interview today, Devic said that after talking with Fong he remembered writing the memo and "stood by what is in the statement."

BUT DEVIC REPEATED that he could not recall ever being asked to specifically investigate Fasi.

"As far as I was concerned, it related to something involving Kukui Plaza," he said.

The Devic memo says an FBI agent, on an Aug. 31 request by Fong, contacted Amemiya's office to check into a possible violation of the Hobbs Act, conspiracy under the federal racketeering statutes.

"Mr. Amemiya advised that there was a change of plans and that there

HONOLULU STAR-BULLETIN
HONOLULU, HAWAII
8/9/77
HOME
PAGE A-1, A-4

102-898

SEARCHED	INDEXED
SERIALIZED	FILED <i>had</i>
FBI - HONOLULU	

JW

was no need for an agent to come to his office," the memo says. "Mr. Amemiya related that the complainant, whom he did not identify, would put all of the information in a letter which was to be directed to the news media."

Fong's memo, which he said was written in the event someone might question why he did not pursue the case, was given in a paraphrased form to a reporter.

IT INVOLVED SIMILAR information in the Devic memo, except it covered the Aug. 31 meeting between Fong and Amemiya, who at the time said he had two witnesses, Fong said.

The memo says Amemiya would

have one of the witnesses come forward in order to initiate an inquiry against Fasi, according to Fong.

Because of the witness' apparent reluctance to talk with the FBI agent, Fong concluded in the memo that "the veracity of the two witnesses was in serious doubt" and that the case was closed without going past preliminary investigation stages, Fong said.

Fasi has charged that Amemiya asked if an indictment could be handed up several days before the primary election. And when Amemiya was told a federal investigation would not move that fast, he lost interest in the case involving campaign contributions from nonbid City contractors, Fasi has said.

NOTING THAT HE did not want to get involved in a political feud, Fong said Fasi's version was accurate. Fong, however, declined to elaborate.

Devic yesterday told the Star-Bulletin that he did not recall the incident reported based on Fasi's comments. He added that he has never been involved in an investigation with political motives or pressures.

Repeated attempts to reach Amemiya have been unsuccessful. Amemiya's only reaction to Fasi's charge was that it was a "Fashood."

While declining to respond to the charge, Gov. George R. Ariyoshi yesterday said: "I'm pretty darn upset about some of the things that are coming out."

"I don't want to make a statement that might constitute grounds for a mistrial," Ariyoshi said, even though the latest Fasi charge is not directly connected to the Mayor's upcoming Kukui Plaza bribery trial.

THE GOVERNOR SAID he was briefed about the situation by Amemiya yesterday morning. He said he was not aware of the attempted 1976 probe until he read it in the Sunday newspaper.

Fasi made his charge the day after being indicted for the second time in connection with campaign donations and nonbid contracts. The second indictment, involving contracts to the R.M. Towill Corp., against Fasi was dismissed yesterday without prejudice.

Also, yesterday Fasi called for the resignation of Amemiya because of the attorney-general's "misuse" of his powers in trying to get what Fasi called a "frame-up" indictment" in 1976.

Ariyoshi did not comment on the Fasi letter, which calls for Amemiya's resignation.

"I've had it up to here," Ariyoshi said. "I will have something to say at a later date."

Fasi-Towill Charges

Dismissed

By Leslie Wilcox
Star-Bulletin Writer

In an apparent about-face, the State yesterday asked for—and was granted—dismissal of criminal conspiracy charges which only weeks ago it was pressing to initiate against Mayor Frank F. Fasi and three others.

Circuit Judge Toshimi Sodetani granted a motion by Deputy State Atty. Gen. Kenneth P.H. Nam to drop the new charges against Fasi, Harry C.C. Chung and engineers Richard Towill and Donald C.W. Kim, officers of the R.M. Towill Corp.

The new indictments were returned Aug. 1, the same day that jury selection began in the Fasi-Chung bribery trial. Fasi and Chung are accused of agreeing to accept \$500,000 in bribes in return for granting development rights for the \$50 million Kukui Plaza downtown renewal project to Oceanside Properties Inc.

Sodetani's decision means a delay of at least six weeks in the bribery

case, for which only one juror has been selected. She was sent home to wait for further proceedings.

NAM SAID HE made the motion to cut down on delays in the Kukui Plaza case and to avoid complications in the Towill case stemming from what he said were the defense's delaying tactics in the Oahu Grand Jury investigation.

He later noted to reporters that the motion was "without prejudice," which means that the grand jury could again be asked to indict the four men on the same charges.

He indicated that if he were to do his duty to see justice done in the Towill case, he would go back to the grand jury soon after the bribery trial ended.

The State attorney also said a charge of perjury against Kim, Towill vice president, which was among the recent indictments, is not affected by the motion.

Nam's motion provoked strong objections by attorneys for Kim and Towill, who wanted a "speedy" trial

on the conspiracy charges so that their clients could vindicate themselves.

INSINUATIONS that the State was not dealing honestly in the Towill case were also made by defense attorneys.

Michael Weight, representing Kim, said, "I smell something very mendacious (untruthful) about this very proceeding, Your Honor."

Raising his voice in the uncrowded courtroom, Weight said the State, after "viciously and maliciously" accusing the engineer of wrongdoing, found it has "gotten as much mileage as they possibly can from him."

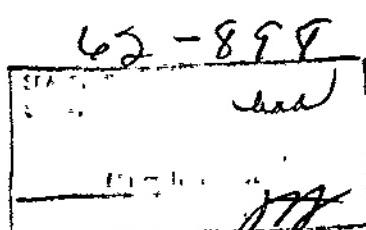
"So they have thrown him aside, like so much garbage," Weight said.

Towill's attorney, Robert Smith, voiced his agreement to Weight's request for a fair and speedy trial.

Wayne Sakai, legal counsel for Fasi, echoed Weight's "mileage" theme, but said he did not oppose the motion for dismissal.

He stopped short of calling Assis-

HONOLULU STAR-BULLETIN
HONOLULU, HAWAII
8/9/77
HOME
PAGE A-1, A-4



~~ant Atty. Gen. Larry Zenker a liar~~ for claiming that a statute of limitations problem had forced the State to push for criminal conspiracy charges at this time.

SAKAI SAID that after he learned the grand jury had begun investigating contributions by Towill Corp. figures to Fasi's campaign fund, he asked Zenker to wait on the matter until the Kukui Plaza case was finished.

Zenker agreed that the Towill case might affect the opinions of jurors in the bribery case, but refused to hold off because of the statute of limitations for prosecution of the alleged bribery in the Towill case was about to expire, according to Sakai.

Sakai said that under the law, the State has until 1980 to prosecute.

"I will not call (Zenker) a liar because he is not here to represent himself at this time," Sakai said.

Reached for comment, Zenker took issue with Sakai's representation of what happened, and said, "I wish we'd spend less time calling

people names and more time moving this (the bribery trial) forward in court."

NAM TOOK THE floor to defend the attorney general's office, saying that statute-of-limitations concerns had been a recurrent worry as delaying motions by the defense halted a grand jury investigation.

With eventual resumption of the investigation, evidence was developed which no longer made the statute an immediate concern, he said.

But Nam said the indictments had to come Aug. 1 because attrition had shrunk the number of grand jurors familiar with the case.

Two of the nine (remaining) jurors had announced they were scheduled to go on extended vacations within the next few days and would, therefore, be unavailable.

"Had this occurred, there would have been only seven jurors remain-

~~Turn to Page A-4, Col. 5~~

Continued from Page One
~~ing less than a quorum,"~~ Nam said in his written motion.

NAM SAID THE defense attorneys "are the ones who brought about the situation they're complaining about" by demanding that sealed reports from the grand jury be opened.

The reports, opened Friday in response to motions by the defense, contained the new indictments, which the grand jury and Nam had

asked to be sealed until the Kukui Plaza trial was completed.

Zenker told the Star-Bulletin that during a meeting in Sodetani's chambers Friday, defense attorneys agreed to resume jury selection right away if the State moved to dismiss the new indictments.

Instead, Zenker said, the defense requested the Towill-related grand jury transcripts, thereby delaying the trial further.

Yesterday's court hearing followed a 45-minute meeting among prosecution and defense attorneys in Sodetani's chambers.

AFTERWARD, the lawyers returned to the judge's office, where they hammered out an outline of what was to happen next.

Special Deputy Atty Gen Grant B. Cooper told reporters that the trial would not start for at least six weeks to allow:

—Two to three weeks for a court reporter to transcribe the Towill grand jury proceedings and make them available to the attorneys.

—10 days for defense attorneys to file motions.

—Five days for the prosecution to respond to the motions.

—Fixing of a date on which attorneys will present oral arguments for and against the motions.

Not long after the hearing, Fasi held a late-afternoon news conference in his City Hall office and said the Towill-related investigation and motion to dismiss were "orchestrated from the beginning."

He said the new indictments served the State's purpose for obtaining publicity adverse to him.

He said the "timetable" for the indictments, and subsequent dismissal, were set up by Atty. Gen Ronald Amemiya and Gov. George R. Ariyoshi as part of an ongoing "political vendetta" against him.

Fasi plans to run for governor next year, and says Ariyoshi is doing all that is possible to keep himself in the Capitol office.



Frank F. Fasi

Fasi indicted in Towill case; Kukui bribery trial in limbo

Mayor Frank Fasi has been indicted again by the Oahu grand jury on a charge linking political campaign contributions and City contracts.

It was revealed in State Circuit Court yesterday that Fasi, his former campaign treasurer Harry C.C. Chung and two top executives of an engineering firm were indicted by the grand jury Monday on charges of conspiracy to give and receive bribes.

The revelation plunged the Kukui Plaza bribery trial of Fasi and Chung, which had barely gotten under way when the secret indictment was returned, into uncertainty. Jury selection in the bribery case had been scheduled to resume Monday, but the latest development has forced an indefinite postponement.

The new indictment came to light yesterday when Judge Toshimi Sodetani agreed to demands by attorneys for Fasi and Chung that the envelopes be opened and the secret reports from the so-called Towill grand jury be made public.

Also indicted on the conspiracy charge were Richard M. Towill and Donald C.W. Kim, both officers of R.M. Towill Corp., an engineering company. It has done millions of dollars worth of design and engineering work for both the City and State governments.

The indictment alleges that from January 1970 to March 1977 the four men "did knowingly, wilfully and unlawfully combine, conspire, confederate and agree" to the giving and receiving of bribes.

The grand jury charged that about \$31,400 was contributed to the Fasi campaign organization and the Mayor's Symphony Ball as part of the conspiracy. And the indictment states that from June 30, 1970, to 1976, the Towill Corp. received "sundry and various nonbid contracts" from the City.

Kim was indicted separately on a charge of per-

THE HONOLULU ADVERTISER
HONOLULU, HAWAII
8/6/77
HOME
PAGE A-1, A-3

62-899

JW

jury. But that indictment was described as "incomplete" because Deputy Atty. Gen. Kenneth Nam, who directed the grand jury investigation, did not sign it.

Fasi was in court yesterday when the indictment was made public. He left as soon as court was adjourned, muttering: "Political contributions are bribes . . . also contributions to the symphony are bribes." The Mayor has repeatedly charged that both the Kukui Plaza indictment and the Towill investigation which now has led to an indictment are part of a "political vendetta" by Gov. George Ariyoshi aimed at knocking Fasi out of the 1978 governor's race.

Afterward the Mayor said that he "can't believe what I'm going through."

He said that by now, "a picture should be emerging to Judge Sodetani . . . and the people of Hawaii that this is a political vendetta to get me" and that "they don't care how they do it."

Fasi said his attorneys have suggested and he is considering it time "to go to the Federal court to ask for constitutional protection" of his rights which Fasi says he is not receiving here.

In an affidavit, Towill says he has "nothing to hide" in the case, but claims the State Attorney General's Office has attempted to "coerce me to give false testimony to aid in their prosecution of" Fasi and Chung.

Chung, Towill and Kim were not present yesterday when the new indictment was revealed. They were represented by their attorneys.

A date for arraignment and pleas on the new indictment was left pending.

Attorneys for the State and the Fasi and Chung defense attorneys will meet with Sodetani Monday to decide the course of action. One of the first things they must decide is a timetable for the

Fasi and Chung bribery trial, which began Monday with the selection of one potential juror.

The new bribery conspiracy indictment was handed down late Monday by the same Oahu grand jury panel that indicted Fasi and Chung in the Kukui Plaza case in March. The initial indictment charges that Fasi and Chung agreed to give Oceanside Properties, Inc., the contract to build the Kukui Plaza urban renewal project in return for payoffs eventually totaling about \$65,000.

The grand jury foreman Monday asked Sodetani to seal the latest reports because they were related to the Kukui Plaza trial then just getting under way. Sodetani agreed to keep them secret, but suspended the Kukui trial so attorneys for all concerned could file motions in the matter.

Yesterday, the Attorney General's Office resisted unsealing the grand jury reports because of possible prejudicial publicity which might affect the Fasi-Chung Kukui Plaza trial. The State even tried to have yesterday's hearing held in secret, but that was denied by Sodetani.

Grant B. Cooper, the State special prosecutor in the Kukui Plaza trial, said yesterday that disclosing the action on the grand jury's investigation of the Towill Corp. would open "a Pandora's box."

"Instead of demons (flying out of the box), you're going to have motions after motions and you're never going to get a jury in this (Kukui Plaza) case," Cooper warned the judge during courtroom arguments.

Cooper also accused the defense team of drawing publicity to the case.

"Their (legal) briefs are the things giving the

press the opportunity to turn this thing into a circus," Cooper said, noting that the State has filed sealed briefs in making its arguments on the grand jury reports and had wanted yesterday's hearing held in secret.

But Fasi attorney Wayne Sakai accused the prosecution of having "choreographed" the entire sequence of events in which the foreman of the grand jury returned indictments in the Towill probe on the first day of jury selection for the Kukui Plaza trial.

Sakai demanded that the judge stop "speculation" of what was in the secret grand jury proceedings by making them public. Joining Sakai were attorneys for Towill and Kim.

Sodetani, who had earlier ruled that the Towill probe was unrelated to the State's Kukui Plaza case, indicated he had a tough time resolving issues raised by the defense and prosecution.

"I have wavered and reached different conclusions on several occasions," he said before ruling to disclose the grand jury action. Although somewhat hesitant, Sodetani said he was taking into consideration the strong urgings of Fasi, Chung, Towill and Kim.

Towill and Kim, through their attorneys, indicated they were living in an intolerable situation because of not knowing what the grand jury had decided in its deliberations.

Sodetani held a 20-minute closed-door meeting with the attorneys and Fasi before releasing the indictments.

The conspiracy indictment alleges that the four men committed a series of "overt" acts. Among them:

- On Oct. 5, 1971, Towill is alleged to have delivered \$2,000 to the committee to reelect Fasi, payable to the Friends of Fasi. Also, Towill allegedly

made payments in checks or cash to Fasi's political committees from 1972 to 1977.

- In 1971, it is alleged that Kim contributed \$3,000 to the Friends of Fasi. From 1972 through 1977, Kim allegedly made political contributions to the Friends of Fasi and "other designated organizations and/or individuals pursuant to the conspiracy."

- Several contributions to the Mayor's Symphony Ball were allegedly made by the Towill Corp. The contributions listed include \$5,000 on Jan. 31,

- 1972; \$4,600 on Feb. 28, 1973; \$5,000 on Feb. 25, 1974; \$3,400 on Feb. 27, 1975; \$2,400 on March 3, 1975; and \$6,000 on March 24, 1976.

- Harry C.C. Chung, as Fasi's campaign treasurer and coordinator of the symphony ball fund-raising effort, allegedly received the funds.

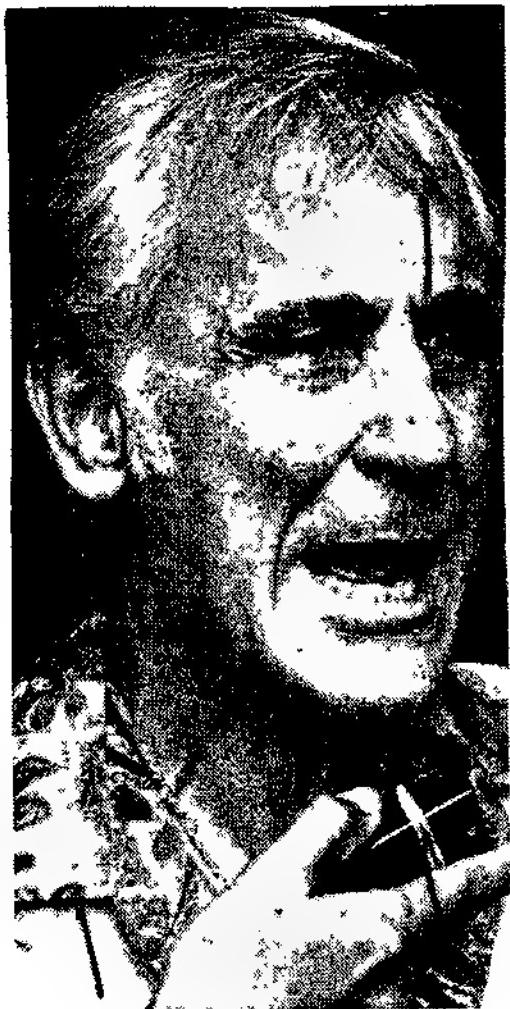
- Finally, the grand jury states that from June 30, 1970, to 1976, the Towill Corp. received sundry and various nonbid contracts from the City and County of Honolulu.

Towill has received a total of \$7.3 million in City contracts since Fasi was elected mayor. Much of that work has been done in sewage treatment plant design work, including a big contract for Sand Island plant design.

The firm has also done work for the State. Over the past 10 years, the total of State work is \$3.2 million.

The State grand jury probe was an outgrowth of a Federal tax case against Towill. Towill's trial on the tax charge is set for October.

Documents subpoenaed in the Federal case included checks made out to political committees of such Island figures as Fasi, State Sen. D.G. Anderson, Circuit Judge Walter Heen, former lieutenant governor Thomas Gill and the late Honolulu mayor, Neal Blaisdell.



Mayor Frank Fasi . . .



. . . after indictment

Criminal conspiracy charges against Fasi, others dropped

By JAMES DOOLEY
Advertiser Government Bureau

A criminal conspiracy indictment against Mayor Frank F. Fasi and three other men was dismissed at the request of the State yesterday, precipitating a delay of at least six weeks in the Kukui Plaza bribery case against Fasi and Harry C.C. Chung.

Fasi, Chung and Honolulu engineers Richard Towill and Donald C.W. Kim were indicted by the grand jury on the criminal conspiracy charge Aug. 1, the same day jury selection began in the Kukui Plaza

bribery case against Fasi and Chung.

Yesterday State Dep. Atty. Gen. Kenneth Nam, the man who presented evidence to the grand jury for the conspiracy indictment, asked Circuit Court Judge Toshimi Sodetani to dismiss the conspiracy indictment.

Sodetani granted the motion "without prejudice," meaning that another indictment could be sought against the men at a later date.

Nam said he was asking for dismissal of the conspiracy charge to minimize further delays in the Kukui Plaza trial.

Attorneys for the defense, how-

ever, charged that the state had gotten what it wanted out of the conspiracy indictment — publicity at the expense of Fasi and Chung — and did not need to prosecute the case.

Attorney Michael Weight, representing Kim, yesterday "vehemently" opposed the motion to dismiss the conspiracy indictment without prejudice.

"Donald Kim is entitled to a speedy trial," Weight said.

"Now he is being precluded by this proceeding from vindicating himself," he said.

Weight said his client, vice president of R.M. Towill Corp., a consult-

ing engineering firm, had been "viciously and maliciously accused" of a crime by the State.

"Now the State is finished, it got as much mileage as it could out of him and they are throwing him aside like so much garbage," Weight said.

"He (Kim) is being dragged through the mud and we're not going to forget it," Weight said.

He said it might have been a different matter if the State had asked that the indictment be dismissed "with prejudice" — meaning that it could not be renewed in the future.

Attorney Robert Smith, represent-

ing Towill, concurred with Weight's comments.

A one-count indictment returned by the grand jury Aug. 1 against Kim charging him with perjury remains in effect.

Nam did not ask for dismissal of that indictment yesterday.

Attorney Wayne Sakai, representing Fasi, said his client did not oppose the State's motion for dismissal of the conspiracy indictment.

But he added a few comments during yesterday's hearing "to set the record straight."

Sakai repeated Weight's charge that the State "got the mileage it wanted" out of the conspiracy indictment.

He said that when he learned earlier this year that a grand jury investigation had begun into political contributions to Fasi's campaign organization by Towill Corp. employees, he asked State Asst. Atty. Gen. Larry Zenker to hold off on the investigation until the conclusion of the Kukui Plaza case.

"Zenker agreed that the Towill investigation might well have a cause-and-effect relationship with the Kukui Plaza case," Sakai said.

But Zenker said that the Towill investigation could not be discontinued because the statute of limitations covering possible violations in the Towill investigation was due to expire, Sakai said.

But in the indictment that was returned Aug. 1, Sakai pointed out, the statute of limitations covering the alleged violations does not expire until 1980.

"Apparently Mr. Zenker was less than candid when he said the statute of limitations was pressing," Sakai said.

Nam and Grant Cooper, the State deputy attorney general who is in charge of the Kukui Plaza prosecution, said that when the Towill investigation began, it was believed that there was a statute-of-limitations problem.

Later it became apparent that there was not, but a grand jury indictment was sought because the number of grand jurors was dwindling, Nam said.

"The reason that the matter had to be concluded on Aug. 1, 1977, was because the number of grand jurors having heard the evidence in this case, because of attrition had been reduced to nine," Nam said in his motion to dismiss.

"Two of the nine jurors had announced that they were scheduled to go on extended vacations within the next few days and would, therefore, be unavailable.

"Had this occurred, there would have been only seven jurors remaining, less than a quorum."

Although the indictment was returned Aug. 1, its contents were not made public until Friday, after a court hearing before Sodetani.

The grand jury foreman, with Nam concurring, had asked that the indictment be sealed because the Kukui Plaza case was pending before Sodetani.

When it was publicly reported the next day that what appeared to be a grand jury indictment had been returned in the Towill investigation, attorneys for Fasi, Chung, Towill and Kim demanded that the contents of the grand jury report be revealed. Sodetani revealed the contents Friday.

All the attorneys in both cases met privately with Sodetani for about 45

The one juror who was tentatively approved for jury duty last week in the Kukui Plaza trial, Betty Jean Thomas, was sent home Friday after being sequestered from the public for four days. Attorneys involved in the case said it would have worked an undue hardship on Thomas to be sequestered throughout the new six-week delay in the proceedings. Thomas was instructed to avoid reading or listening to news broadcasts concerning the Kukui Plaza case. She is still considered a tentative juror but will be questioned when and if the trial resumes about whether she has formed opinions about the case, attorneys said.

minutes yesterday afternoon before assembling in open court.

At that time Nam asked that the conspiracy indictment be dropped.

The motion was argued and then approved by Sodetani.

All the attorneys then met privately again with Sodetani for another half hour.

When they emerged, they said that jury selection in the Kukui Plaza case would not resume for at least six weeks.

The delay broke down this way:

- Two to three weeks for all the lawyers to obtain transcripts of the grand jury investigation concerning Towill Corp.

- Another 10 days for the Fasi-Chung lawyers to prepare legal motions in the Kukui Plaza case based on what they learn from the Towill grand jury transcripts.

- Five more days for the State to respond to the defense motions.

Then a hearing must be conducted

before Sodetani for oral arguments for and against the motions.

In a late-afternoon news conference yesterday, Fasi charged that the State was trying to generate adverse publicity and delays in the Kukui Plaza trial in seeking the conspiracy indictment.

He said Gov. George Ariyoshi and Atty. Gen. Ronald Amemiya have their "timetable right on schedule."

The State is trying to delay the trial so that it takes place "in the heat" of the 1978 gubernatorial race, Fasi said.

Fasi has announced his candidacy for governor next year.

Since the beginning of the Kukui Plaza investigation last year, Fasi has termed it a "political vendetta" conducted by the State to knock him out of the governor's race.

'76 FBI memo supports Fasi's side of the story

By GERALD KATO
Advertiser Government Bureau

A memo written by the former chief of the FBI office in Honolulu confirms that a special agent contacted State Atty. Gen. Ronald Amemiya in September about a possible bribe-related charge against Mayor Frank F. Fasi.

But Amemiya told the agent that there was a "change of plans" and the matter never went any further, according to the memo written by Charles J. Devic.

The memo sent to U.S. Atty. Harold Fong is dated Sept. 1, 1976. Fong released the document yesterday after there were news reports that Devic's recollection of events at that time was hazy.

Fasi told The Advertiser during the past weekend that Amemiya tried to get the Federal Government to indict him on a Federal charge shortly before Honolulu's mayoral primary election Oct. 2. Amemiya told Fong he could produce two wit-

nesses who were willing to testify on the matter, Fasi claimed.

The Mayor said that in the presence of Amemiya, Fong telephoned Devic to assign agents to talk to the attorney general and obtain the names of the witnesses.

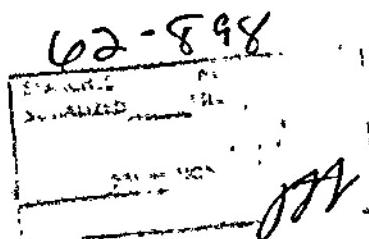
Devic, who now is in charge of the FBI office in Columbia, S.C., told a reporter yesterday that he did not remember the particular incident. But a subsequent chat with Fong apparently refreshed Devic's memory.

Fong said he was releasing Devic's memo, but any further comment would have to come from Devic. The Advertiser could not reach Devic for comment yesterday.

According to the memo, Fong telephoned Devic on Aug. 31, 1976, requesting that the FBI contact Amemiya for information concerning the allegations. On the following day an

See MEMO on Page A-4

HONOLULU ADVERTISER
HONOLULU, HAWAII
8/9/77
HOME
PAGE A-14



Memo supports Fasi

From Page 1

agent contacted Amemiya to set up an appointment, the memo said.

"Mr. Amemiya advised the special agent that there was a change of plans and that there was no need for an agent to come to his office," the memo said.

"Mr. Amemiya related that the complainant, whom he did not identify, was putting all the information in the form of a letter which was being directed to the news media."

Such a letter never appeared in the news media.

The general sequence of events

outlined in the memo appears to confirm what has been reported earlier. Fasi had claimed that Amemiya went to see Fong two weeks before the election, but the memo indicates that the meeting was a month before.

Fasi says that Amemiya lost interest in pursuing the matter after Fong said the investigation could not be completed before the election.

Fasi yesterday wrote to Gov. George R. Ariyoshi demanding Amemiya's resignation for "gross misuse of State power." The Governor would not comment on the letter, but a spokesman said no action would be taken on it.

FBI Agent's / Memory Hazy

By Russ Lynch
Star-Bulletin Writer

Charles J. Devic, former head of the FBI office in Honolulu, said in a telephone interview today he does not recall ever being asked to investigate Mayor Frank F. Fasi.

"At no time did the attorney general or the Governor of that State attempt to use me" for political purposes, he said.

"I do know that I was never made privy to or told by anyone anything to the effect that the attorney general was out to get the Mayor," Devic said from his new office, as FBI agent in charge in Columbia, S.C.

Devic said he did not recall any discussions with Hawaii's U.S. Atty. Harold M. Fong about the State possibly having evidence against Fasi.

FONG, HOWEVER, challenged Devic's recollection. Fong said Devic knew that a possible federal charge against Fasi had been discussed when he sent FBI agents to see State Atty. Gen. Ronald Y. Amemiya last September.

Devic made his remarks in response to Star-Bulletin questions about statements made by Fasi and Fong in yesterday's Star-Bulletin and Advertiser.

Fasi claimed Amemiya went to see Fong in the U.S. attorney's office two weeks before the primary election last Oct. 2 for the Honolulu mayoralty.

Fasi today wrote to Gov. George R. Ariyoshi asking for Amemiya's resignation.

HONOLULU STAR-BULLETIN
HONOLULU, HAWAII
8/8/77
HOME
PAGE A1

62-798
FBI
HONOLULU
JAT

"Amemiya told Mr. Fong he could produce two witnesses who were willing to testify that I had asked them for campaign contributions and that, in return, I had given them nonbid City contracts," Fasi said in a written statement.

He said Fong told Amemiya there could be a violation of federal law if the charges proved true, under a section dealing with coercion by public officials.

FASI SAID that in the presence of Amemiya, Fong telephoned Devic and asked him to assign agents to interview Amemiya and get the names of the witnesses.

Fong said Devic reported back to him in an official FBI report. Fong confirmed Fasi's version, which then went on to charge that Amemiya asked the U.S. attorney if an indictment could be handed down against Fasi two or three days before the

Oct. 2 primary.

Fasi quotes Fong as telling Amemiya it wouldn't be possible to move so fast:

According to Fasi, Fong had a call next day from Devic, who allegedly said Amemiya had been "too busy" to see the two FBI agents assigned to the job.

Devic said today he has a clear recollection that he made no such call.

The Fasi-Fong version charges that Amemiya "completely lost interest" when he found out nothing could be done to hurt Fasi before the primary.

DEVIC WORDED his response carefully, commenting that it was quite possible he had assigned agents to talk to Amemiya, something he has done from time to time in the past.

"I just don't recall this situation as it was spelled out in the newspaper," he said.

Devic said he has "never been involved in any type of situation" where there was any political motive behind his actions or any political pressure.

He said Fong at no time ever told him that Amemiya had information that could mean a charge against Fasi.

It is possible he sent agents to see Amemiya, but "certainly I was not privy to anything that transpired" between Amemiya and Fong leading up to such a request, he said.

"I HAVE SENT agents over to the attorney general's office in the past," Devic said.

The fact that he doesn't remember the particular incident "doesn't necessarily" mean it didn't happen, Devic said.

"My memory of this certainly is not as clear as Harold's (Fong's)," he said, however.

"At no time was there any mention to me by Harold Fong or anyone else" of such a potential case, Devic said.

Fong could not be reached for comment today, following the interview with Devic.

He told yesterday's newspaper Fasi's statement was "accurate."

Amemiya made a short written statement.

"IN VIEW OF the pending court cases, I believe it would be inappropriate for me to comment on these outrageous 'Fashoods.'

"There should be no necessity to comment on the continuing contorted campaign to cloud and confuse the climate," Amemiya said.

Fasi's statement yesterday came after it was revealed the Oahu grand jury had voted yet another bribery indictment against him.

The State's case in which Fasi and his former campaign treasurer Harry C.C. Chung are charged with agreeing to accept a \$500,000 bribe from Kukui Plaza developer Hal J. Hansen was suspended last week because of the new grand jury move.

Now Fasi and Chung, along with consulting engineer Richard M. Towill and his vice president, Donald C.W. Kim, are also charged with criminal conspiracy.

THE STATE alleges that Fasi awarded City consultant contracts to the Towill firm in return for campaign contributions and other money paid through Chung.

Fasi and all the other defendants have denied the charges.

In the letter to Ariyoshi today, Fasi accused Amemiya of "trying to get a frame-up indictment against me two or three days before the 1976 primary election."

If Amemiya acted on his own and Ariyoshi does not ask for his resignation, Fasi said, the Governor is "as guilty as the attorney general of a gross abuse and misuse of the legal powers" of his office.

But Fasi said he concludes that Amemiya acted with Ariyoshi's knowledge.

UNITED STATES GOVERNMENT

Memorandum

TO : FILE (62-898)

DATE: 8/9/77

FROM : SAC LEE F. LASTER

SUBJECT: POLITICAL CONDITIONS
CITY AND COUNTY OF HONOLULU

On 8/9/77 [redacted] telephonically contacted me and inquired concerning contents of the letter which USA HAROLD FONG reportedly released to the news media on 8/8/77. I confirmed to [redacted]
[redacted] USA FONG [redacted]

[redacted] to FONG.

He asked if the letter mentioned Mayor FASI by name and I advised that it did not. I also reiterated with him the actions he had taken which were summarized in instant letter. I advised [redacted]

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b7c

On 8/9/77 USA HAROLD FONG was contacted and affirmed that he had indeed read the full contents of the letter [redacted] directed to him by SAC DEVIC dated 9/1/76. [redacted]

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LFL:ejg
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5010-110

SEARCHED	INDEXED
SERIALIZED	FILED
AUG 1977	
FBI - HONOLULU	

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

UNITED STATES GOVERNMENT

Memorandum

TO : SAC, HONOLULU (62-898)

DATE: 8/9/77

FROM : SA [redacted]

b6
b7C

SUBJECT: POLITICAL CONDITIONS
CITY AND COUNTY OF HONOLULU
HONOLULU DIVISION

On 8/7/77, a Sunday, sometime after 6:00 p.m.
a telephone call was received by SA [redacted]

[redacted] He stated his call related to an article in the
Sunday Honolulu Star-Bulletin/Advertiser newspaper dealing
with captioned matter. [redacted] telephonically
spoken to SAC CHARLES J. DEVIC at Columbia, S. Carolina, and
DEVIC had provided name of SA [redacted]
[redacted]

b6
b7C

SA [redacted] advised he recalled personally meeting
[redacted] during the time that he was in [redacted]
[redacted] but Agent had no other
recollection of a personal meeting with [redacted]. Agent advised
that he would have to check the files of the Honolulu Office
to refresh his memory on this matter.

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JFW:eso
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5010-110

SEARCHED	INDEXED
SERIALIZED	FILED
AUG 11 1977	
FBI - HONOLULU	

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UNITED STATES GOVERNMENT

Memorandum

TO : FILE (62-898)

DATE: 8/8/77

FROM: SAC LEE F. LASTER

SUBJECT: POLITICAL CORRUPTION
CITY AND COUNTY OF HONOLULU

U. S. Attorney HAROLD FONG telephonically contacted me this afternoon and inquired concerning captioned matter, specifically the newspaper article in this past Sunday's paper. USA FONG said that he has in his possession a letter from former SAC DEVIC confirming the fact that HAROLD had requested



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USA FONG in his telephonic conversation with me indicated that the requested investigation was directed specifically at Mayor FASI. I indicated to FONG that a review of SAC DEVIC's letter to him does not mention FASI by name and refers only to allegations of a possible Hobbs Act violation.

FONG said that he has received telephone calls from members of the press today who contacted DEVIC in South Carolina and that DEVIC denied knowledge or recollection of the entire affair. He indicated he would very much like to speak with DEVIC.

I then placed a telephone call to SAC DEVIC through the Columbia Office. DEVIC indicated that he had received inquiries from the press but that he has no recollection at all of the matter and has absolutely no recollection of FONG requesting investigation by the FBI in Honolulu concerning Mayor FASI. I told him that FONG was trying to reach him and that I intended to give FONG the number of the Columbia FBI Office so that HAROLD could reach him and discuss the matter with him. I feel that a discussion between the two will resolve further discrepancies in the newspaper accounts and avoid appearance of conflict between their recollections of this matter.

LFL:ejg
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A small illustration of a Minuteman soldier standing with a rifle.

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

SEARCHED	INDEXED
SERIALIZED	FILED
AUG 8 1977	
FBI - HONOLULU	
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UNITED STATES GOVERNMENT

Memorandum

TO : HN FILE 62-898

DATE: 8/8/77

FROM : *JW* SAC, HONOLULU

SUBJECT: POLITICAL CORRUPTION
CITY AND COUNTY OF HONOLULU

Attached is an article appearing in the Sunday edition of the "Star-Bulletin and Advertiser" newspaper concerning the trial of Mayor FASI in the Kukui Plaza matter. The article contains alleged actions by USA HAROLD M. FONG, Attorney General AMEMIYA, then Special Agent in Charge CHARLES DEVIC, relating to an alleged request for investigation.

On the afternoon of 8/7/77, I was telephonically contacted [redacted] who inquired concerning the whereabouts of SAC DEVIC. He indicated he wished to discuss the matter with him. I told him that SAC DEVIC could probably be reached through the Columbia FBI Office. [redacted] did not discuss the newspaper article other than stating that the event was sometime ago and that he did not clearly recall what happened on the occasion referred to in the newspaper article.

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SEARCHED	INDEXED
SERIALIZED	FILED
AUG 8 1977	
FBI - HONOLULU	
[Redacted]	[Signature]

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b7C



Fasi: State tried to get me in 1976

By JAMES DOOLEY

Advertiser Government Bureau

"State Atty. Gen. Ronald Amemiya tried to get the Federal Government to indict Mayor Frank Fasi on a bribery-related charge only days before last year's Democratic Primary Election," Fasi told The Advertiser yesterday.

After being told by U.S. Atty. Harold Fong that an investigation of the matter could not be completed before the Oct. 2 election date, Amemiya told Federal officials that two witnesses in the case "had decided not to testify," Fasi said.

Fong yesterday confirmed Fasi's charges.

"My official position is that I would not like to elaborate or comment except to say that the Mayor's statement is accurate," Fong said.

Amemiya responded to Fasi's charges with a written statement:

"In view of the pending court cases, I believe it would be inappropriate for me to comment on these outrageous 'Fashoods'."

"There should be no necessity to comment on the continuing contorted campaign to cloud and confuse the climate."

Fasi said yesterday he had just learned of the incident and said it was just another link in a long chain of State Administration attempts to discredit him.

His exposure of the incident in a written statement released to The Advertiser came the day after he and his former campaign fund-raiser Harry C.C. Chung were indicted a second time on bribery-related charges by the Oahu grand jury.

The grand jury investigation was conducted by Amemiya's office.

Here is the story of the incident as Fasi told it yesterday:

"I have learned for a fact that two weeks before the Primary Election in 1976, Atty. Gen. Ronald Amemiya went to the office of the United States attorney, Harold Fong.

"Amemiya told Mr. Fong that he could produce two witnesses who

THE SUNDAY STAR-BULLETIN

& ADVERTISER

HONOLULU, HAWAII

8/7/77

HOME EDITION

PAGE 1, 5

62-898

18/1

SEARCHED

JH

were willing to testify that I had asked them for campaign contributions and that, in return, I had given them nonbid City contracts

"Mr Fong told the attorney general that there could be a violation of Federal law if these charges should prove to be true.

"In the presence of Amemiya, Mr Fong telephoned Mr Charles Devic, then the special agent in charge of the Honolulu office of the FBI.

"He asked Mr Devic to assign agents to interview the attorney general and to obtain the names of the witnesses he had mentioned.

"After Mr. Fong had completed the telephone call, Amemiya told him that it was of utmost importance that the Federal investigation proceed quickly so that an indictment against me could be handed down two or three days before the Primary Election on Oct. 2.

"Mr Fong replied that it would not be possible to conduct a full and fair investigation within such a short period of time

"He said that it would be also be impossible, therefore, to indict anyone — let alone the mayor of a major American city — on such short notice.

"The following day, Mr Devic called Mr Fong to report that when his agents had arrived that morning at the attorney general's office, they were told that Amemiya was 'too busy' to see them.

"Later in the morning, according to Mr Devic, Amemiya telephoned him to say that the two so-called witnesses had decided not to testify."

And there, Fasi said, "the entire matter ended."

(Fong explained that under a Federal law known as the Hobbs Act, it is a crime for a public official to use his position to coerce or extort money from private individuals.)

Fasi charged that "as soon as the attorney general learned that nothing could be done to hurt me in the 1976 election he completely lost interest in continuing the investigation."

In the 1976 Democratic Primary for Mayor, Fasi was being challenged by Lt Gov Nelson K. Doi, who had the backing of Gov George Ariyoshi's wing of the Hawaii Democratic party. Although Fasi was considered the favorite, the Doi forces were hopeful up to the end that they might somehow overtake his lead, but Fasi easily won the Primary, garnering 57 per cent of the vote against Doi, and went on to win his third four year term in City Hall.

Fasi said the exchange between Amemiya, Fong and the FBI showed that Amemiya is concerned neither with honesty nor with justice.

Rather he seeks only to use his powers at the direction of the

Governor, to hurt me politically

"I challenge Mr. Amemiya to deny this story."

Amemiya's "unconscionable and unethical actions have been exposed for all to see," Fasi said.

He charged Ariyoshi, acting through Amemiya, "with knowingly and willfully using his powers to carry out a continuing, malicious political vendetta against me."

Ariyoshi could not be reached for comment yesterday on Fasi's new charges.

Ever since the City Council began an investigation of the City-sponsored Kukui Plaza housing development last year, an investigation that led up to the March 21 bribery indictment of Fasi and Chung, the Mayor has frequently described himself as the victim of a political vendetta run by the State.

Fasi was eventually charged by a State-conducted grand jury with agreeing to give the Kukui Plaza development contract to Oceanside Properties Inc. in return for the firm's promise to pay a \$500,000 bribe. The indictment against Fasi and Chung charges that some \$65,000 was paid — in campaign contributions, purchases of tickets to the Mayor's Symphony Ball and other payments of money and goods — in furtherance of that bribe.

Jury selection for the Kukui Plaza bribery trial began last Monday but was suspended the next day by Circuit Judge Toshimi Sodetani after the second indictment was returned by the Oahu grand jury.

That new indictment, unsealed by Sodetani during a court hearing Friday afternoon, charged Fasi, Chung and Honolulu engineers Richard M. Towill and Donald C. W. Kim with criminal conspiracy. The indictment alleged that Fasi and Chung accepted bribes between 1970 and March of this year from Towill and Kim and that, in return, Towill's engineering consultant firm, R M Towill Corp., was awarded nonbid City contracts.

A hearing is to be held before Sodetani tomorrow concerning the status of the suspended Kukui Plaza bribery trial proceedings.

Yesterday, Fasi also charged that Amemiya and Grant B. Cooper, the

special prosecutor in charge of the Kukui case, approached Fong in January with a request that Hal J. Hansen, Kukui Plaza developer, be granted immunity from prosecution by the Federal Government.

Hansen is the State's chief witness in the Kukui Plaza case and has been granted immunity from prosecution in return for his testimony in State court.

A Federal grand jury investigation of Kukui Plaza, centering on possible Hansen tax liabilities, began last November. The investigation reportedly is complete and under review by Justice Department officials in Washington.

According to Fasi, Fong refused to immunize Hansen and three days later "received a letter from (U.S Sen) Dan Inouye telling him that the Hawaiian congressional delegation had met and decided to try to replace him at the earliest opportunity."

Fasi wondered "if it was just a

"coincidence" that Fong received the letter only three days after the meeting with Amemiya and Cooper.

Fong declined yesterday to comment on Fasi's story about the January meeting and the Inouye letter, saying it would be improper to discuss a matter involving a pending grand jury investigation.

Contacted yesterday at his Bethesda, Md., home, Inouye said there was no connection between the Kukui Plaza investigations and the congressional delegation's dealings with Fong.

"Whatever our dealings with Fong were, they had no connection with Amemiya or Fasi — none whatever."

"I don't remember sending him a letter saying we intended to remove him as soon as possible," Inouye said. "Fong did ask to be kept to the end of his term. I think we just acknowledged receipt of that letter. Obviously he wasn't removed before the end of his term."

Fong's term of office as U.S. attorney here officially expired Friday, but since no successor has been confirmed by the Senate he remains in office.

The Hawaii congressional delegation earlier this year recommended the appointment of former Democratic State representative Robert Kimura of Honolulu as Fong's successor. However, some other local Democrats favored Ariyoshi Administration official E. John McConnell for the post and the appointment has not yet been formally made by President Carter.

Although he is a Republican, Fong has been mentioned as a possible candidate for the City Prosecutor's post, which has been vacant since January.

Yesterday, Fasi said: "I have never asked Harold Fong to be City prosecutor.

"Friends sounded him out about it but he said no way, he was absolute-



Atty. Gen. Amemiya
No comment

ly not interested," Fasi said.

Fong told The Advertiser he has not been offered the post and would not take it if it were offered. He said he intends to take up private legal practice when he leaves his Federal job.



Grant B. Cooper
"Never"



Ronald Amemiya
"Not true"

Offers of immunity for Chung denied

Mayor Frank Fasi's assertion that his former fund-raiser, Harry C.C. Chung, recently was sent an offer of immunity drew unequivocal denials from State attorneys yesterday.

Chung "has never been offered immunity," said Grant B. Cooper, the State special prosecutor in charge of the Kukui Plaza case.

"I haven't talked with anybody about immunity at any time except very, very early in the game, before the indictment," he said.

At that time, Cooper said, he told Chung's attorney he "would be happy to talk about immunity for his client." But, he said, immunity was never offered.

Cooper had "no idea" why Fasi charged that Chung has been offered immunity twice.

State Atty. Gen. Ronald Amemiya said Fasi's remarks on Chung's immunity offer were "not true."

"I didn't offer Mr. Chung immunity; Grant Cooper didn't; (Asst. Atty. Gen.) Larry Zenker didn't. No way did the State make an offer like that."

In another development, City Councilman Wilbert "Sandy" Holck charged in a press release that Fasi's television presentation last night was "filled with distortions, half-truths, and no-truths, which is par for the course."

"Frank Fasi is frightened as to what is going to come out at trial — otherwise, why would he go to such lengths to present 'his' side of the story, as he puts it?"

Holck said the program was, "in usual Fasi style . . . replete with name-calling."

"In 1953, Fasi called Leonard K. Fong, then City County auditor, a 'political stooge' and a 'tool' for Mayor (John) Wilson," he added.

"In 1956, he called our late beloved Mayor, Neal Blaisdell, 'self-righteous and hypocritical'; a few years back he referred to a State senator as an 'imbecile.'

"And a few months back, he called my colleague, (Councilman) Kekoa Kaapu, a 'liar, thief and renegade.' When is Fasi going to stop the vicious name-calling?"

HONOLULU ADVERTISER
HONOLULU, HAWAII
7/29/77
HOME
PAGE A-4

F - RENTAL

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62-111

Mayor's final plea

rejected; bribery trial

opens Monday

By JAMES DOOLEY
Advertiser Government Bureau

A final pretrial motion to dismiss the bribery indictment of Mayor Frank Fasi and Harry C.C. Chung was rejected yesterday by Circuit Court Judge Toshimi Sodetani, setting the stage for the start of jury selection Monday morning.

Defense and prosecution attorneys continued to assail each other during yesterday's hearing.

Fasi attorney Wayne Sakai said State Special Prosecutor Grant Cooper, the bribery case prosecutor, has made "wild accusations" about

the defense team "that have no basis in fact and law."

Sakai argued that Cooper's comments and accusations, made during a July 15 hearing before Sodetani, were so prejudicial to the defense and were so widely disseminated that any chance the defendants had for a fair trial have been wiped out.

Cooper suggested July 15 that a 38-page statement about the genesis of the bribery case, composed last month by a key prosecution witness, had been written in conjunction with the Fasi-Chung defense team.

All members of the defense team denied knowledge of the statement

and moved for a dismissal of the indictment on the ground that Cooper had generated permanently prejudicial pretrial publicity.

Fasi's other lawyer, A. William Barlow, said yesterday: "All Mr. Cooper does is get on television and shoot his mouth off." Barlow said that "all the pretrial publicity in this case has been directed at my client."

He also accused Cooper of "constant leaking of information" about the case to the press.

Chung attorney Matthew Pyun charged Cooper with "slinging mud at the defense team." He quoted

HONOLULU ADVEETISER
HONOLULU, HAWAII
7/29/77
HOME
PAGE A1, A4

65-898

SEARCHED	INDEXED
SERIALIZED	FILED
JUL 30 1977	
FBI - HONOLULU	

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comments made by Cooper in a nationally broadcast television story this week as also being prejudicial to the case.

Cooper said in that broadcast that although a criminal case may be politically motivated, "you can't dig something up if it isn't there."

Pyun said Cooper's comments represented "just one further step in the design and plan of Mr. Cooper to affect the population of Hawaii with adverse publicity."

When his turn to speak came, Cooper said: "If I hadn't heard these arguments with my own ears,

I would think I was in Alice in Wonderland.

"They say the utterances I have made in court have tarnished their reputations," Cooper said of the defense lawyers.

But Cooper said that since he took on the case, the defense team and Fasi have made statements "ad nauseam in which I have been accused of everything under the sun, all kinds of things."

He said he has been accused of "unethical conduct, prejudicial misconduct before the grand jury and reprehensible conduct."

Fasi has called Cooper an "imported gunslinger" and State Atty. Gen. Ronald Amemiya a "pipsqueak," and he has accused both Cooper and Amemiya "of wiretapping — a crime," Cooper said.

Cooper noted that in the national television broadcast this week, Fasi

was also interviewed and said, Cooper quoted: "I think Mr. Cooper stinks."

Cooper said the issue of prejudicial pretrial publicity has been argued "up one side and down the other" in previous hearings before Sodetani.

He disputed the defense contention "that they cannot find 12 jurors in the State of Hawaii that can try this case fairly and properly."

From the beginning of the case, Cooper said, "someone has conducted a well-orchestrated public relations campaign to undermine the prosecution in this case."

Yesterday's hearing was held up more than an hour while two television reporters were questioned in Sodetani's chambers about a conversation they had with Cooper after the July 15 hearing. The reporters were Bart Fredo of KGMB and Emerald Yeh of KITV.

Part of the conversation was filmed and broadcast that night and part

of it, at Cooper's request, was off the record, Fredo said.

Fredo said after the hearing that when he was questioned yesterday about the off-the-record portion of the conversation, he refused to answer, citing constitutional protections of freedom of the press. Sakai asked Sodetani to order Fredo to answer but Sodetani refused to do so, Fredo said.

Earlier this month, Sodetani ordered KITV newsman Matt Levi to jail for refusing to divulge where he obtained access to grand jury transcripts in the bribery case.

Fredo said that he answered in the affirmative yesterday when asked by Chung attorney Bert Tokairin if Cooper was a source of off-the-record information.

Barlow cited that answer from Fredo as proof that Cooper has been leaking information to the press.

Fredo angrily disputed that after the hearing, saying that off-the-record information is never broadcast or published.

Fasi: It's all an Ariyoshi plot

*Innocence
asserted in
TV speech*

By DOUGLAS WOO
Advertiser Politics Writer

Faced with the toughest challenge of his 27-year political career, Mayor Frank Fasi took to television last night to proclaim that he is innocent of bribery and to assail the "power of the corrupt political machine" of Gov. George Ariyoshi.

Fasi appeared in a 37-minute paid telecast on KHON (Channel 2) and repeated much of what he had said in earlier speeches on the Kukui Plaza matter, speeches that have been reported by the media. His latest address was spiced with strong language.

"I am not on trial," the Mayor declared. "Our system of justice is on trial."

"If the Governor of this State succeeds in doing to me what he is trying to do, then nobody in Hawaii will be safe from the power of the corrupt political machine that sits in Washington Place (the Governor's official residence)."

Fasi and his former campaign fund-raiser, Harry C.C. Chung, are charged with setting up a \$500,000 bribery deal with the developer of Kukui Plaza, a \$50 million condominium on City-owned land.

Jury selection for their trial will begin Monday.

SEARCHED	INDEXED
SERIALIZED	FILED
FBI - HONOLULU	
107	

HONOLULU ADVERTISER
HONOLULU, HAWAII
7/29/77
HOME
PAGE A1, A4

62-898

From Page 1

Much of Fasi's speech last night was excerpted from a speech that he says was well received at a Rotary Club luncheon on Maui last month. In it, he said he does tend to give City contracts to his political friends, all other things being equal, but argued that if this is a crime virtually every politician in the United States is guilty.

Fasi says the test is not whether contributions are accepted, but whether government work is given in return. And this, he insisted again last night, he has never done.

In last night's speech, Fasi acknowledged he picked Oceanside Properties, Inc. to develop Kukui Plaza. But, he added, he chose from a list prepared by an advisory committee and the contract with Oceanside was drawn up by the City Council and the then-semiautonomous Honolulu Redevelopment Agency (HRA).

"What I am saying is that my naming of Oceanside Properties was, in effect, a preliminary step," he said. "I alone could not guarantee Oceanside the job. That guarantee was reserved to nine councilmen and to the HRA — both out of my control."

Fasi reiterated his contention that Kukui Plaza is "a tremendous success as an investment for the tax-payers of Honolulu."

And, he repeated, he has never accepted a deal in return for a political contribution. In fact, he said, he has prosecuted one briber, "blackballed" would-be bribers and turned

down questionably large contributions.

"Let's face it," Fasi added. "If I was dishonest . . . if I was available for a bribe, I wouldn't have done it in such an obvious and stupid manner! How ridiculous!"

Fasi then began describing what he called the "cast of characters who are acting out the parts" in the "political farce" of Kukui Plaza:

• Ariyoshi. "Weak, indecisive, politically vulnerable on half a dozen major issues and more," Fasi said.

The Governor has targeted Fasi for prosecution, according to the Mayor, "because I am his only serious challenger for the office of governor of Hawaii."

• State Atty. Gen. Ronald Amemiya. A "pipsqueak," Fasi said, who is also "inexperienced, bold, arrogant and politically ambitious. Ariyoshi's errand boy to their hired gun, (State Special Prosecutor) Grant Cooper."

• Cooper. "A convicted liar, still lying to the judge," said the Mayor. "Grant Cooper, defense attorney for such noteworthy people as Sirhan Sirhan, killer of Bobby Kennedy, and murderer Dr. Bernard Finch."

Cooper has delayed the trial, Fasi charged, "because the State just doesn't have a case on me."

"The longer the delay, the closer we get to next year's election.

"The longer the delay, the longer he can collect his fee of \$500 to \$750 a day . . . the longer he can live in his luxury apartment, compliments of the taxpayers of our State."

• Presiding Circuit Judge Toshimi Sodetani. The Circuit judge with "the least criminal trial experience" who has had a long legal career with the Attorney General's Office.

However, the Mayor added, Sodetani has "a good reputation for honesty and integrity."

"I believe that Judge Sodetani will try to see that I get a fair trial," he said. "The test, of course, is yet to come."

• Former Oceanside Properties president Hal Hansen. "I feel very, very sorry for Hansen," Fasi said. "He is, as the saying goes, between a rock and a hard place. The State's hired gun, Grant Cooper, blackjacked Hansen into playing ball with him."

Fasi said the State got Hansen to admit he embezzled \$127,000 from his company, then pressured him to be a witness against Fasi and Chung.

"Hansen caved in," Fasi said. "He decided to do what Cooper wants him to do — perjure himself to save 15 years of his life (from prison)."

Ironically, Fasi spent several minutes quoting, in his defense, a handwritten statement by Hansen. Fasi said the statement proved that Hansen "was indeed being blackmailed into testifying against me."

The statement was an account of the entire Kukui Plaza affair, the Mayor said.

Fasi said Hansen states in the document that he has never been personally solicited for a campaign contribution by the Mayor during the Kukui Plaza project.

And, Fasi added, Hansen said the mayor was "unfair and injurious" to Oceanside in a controversy that developed over the ownership of Kukui Plaza's parking stalls.

"Since the so-called bribe had already been paid, according to Cooper, Hansen was even in a position to

mail me into giving him his
on that parking agreement,"
Mayor said. "Yet, I acted in
quite the opposite way, didn't I?"

Fasi also referred to the Federal
tax indictment against Richard To-
will, the head of a large engineering
firm, who is accused of assisting in
the preparation of a false corporate
income tax return in 1970.

The firm allegedly generated cash
for political contributions to a num-
ber of Hawaii politicians, including
Fasi, by paying employees bonuses
that were returned to the company
by the employees.

A State grand jury is under way —
the panel meets this morning — to
determine whether any relationship
exists between consultant contracts
awarded by the City to Towill's firm
and political contributions to Fasi by
Towill employees.

Fasi repeated his charge that
Cooper and Amemiya tried to get
the Justice Department to drop
charges against Towill in exchange
for testimony that Towill was "force-
ed, coerced or pressured" into mak-
ing campaign contributions to the

City in exchange for contracts.

"To put this stinking, influence-
peddling offer in the language it de-
serves, let me say bluntly that Cooper
and Amemiya — I'm sure with
Ariyoshi's blessings — tried to
blackjack, to blackmail and to bribe
Dick Towill into lying to a grand
jury!" Fasi said.

"Towill told them to go fly a kite!
And after his refusal to cooperate,
Cooper convened a grand jury to
hear testimony against Towill. As
you see, there is a price to pay for
defying the State."

Fasi steadfastly emphasized his
innocence. "I am completely and
totally confident that I will be clear-
ed of all charges without exception
and without doubt," he said.

"I have faith in the fundamental
and basic integrity of our system."

Fasi's program on KHON com-
peted with full-length feature movies
on the two other major channels:
"Bedtime Story" and "If It's Tues-
day, This Must Be Belgium."

The telecast will be aired again to-
night at 5:30 on KIKU-TV (Channel
13).

Reporter opts for jail

By JAMES DOOLEY
Advertiser Government Bureau

A Circuit Court Judge yesterday ordered KITV reporter Matt Levi to jail but delayed enforcement of the order until an appeal to the State Supreme Court can be heard.

Levi was found in contempt of court six times by Circuit Judge Toshimi Sodetani for refusing to reveal where he obtained grand jury transcripts in the Kukui Plaza bribery case against Mayor Frank F. Fasi and Harry C.C. Chung.

Sodetani ordered Levi held in the Halawa Correctional Facility until he reveals the source of the secret transcripts — something Levi said he would never do.

On a request from KITV attorney Joseph T. Kiefer, however, Sodetani stayed the order until a Supreme

Court appeal decision is reached. The appeal procedure could take a year or more.

On June 28, KITV broadcast a news story quoting from what it said was secret testimony before the grand jury by the State's star witness in the Kukui bribery trial, Hal J. Hansen.

Hansen — onetime head of the firm which developed Kukui Plaza, an urban renewal project downtown — testified to the grand jury concerning payments he made as part of what the State alleges is a bribe agreement with Fasi and Chung. Hansen is alleged to have made the payments in return for the City contract to develop Kukui Plaza.

The Fasi-Chung defense team reacted to the KITV broadcast by asking that the bribery indictments be dropped, saying the news story

has made it impossible to select an impartial jury. Yesterday's court hearing was an attempt to find out how Levi obtained the grand jury documents, since they are supposed to be secret and known only to attorneys involved in the case.

Five of the contempt citations against Levi yesterday came when the reporter was being questioned by State attorney Grant B. Cooper, special prosecutor in the Kukui bribery case.

The sixth contempt citation came at the request of Fasi attorney A. William Barlow, after Barlow learned that Levi failed to comply with a subpoena directing him to supply the court with the grand jury transcript and a script of the June 28 news broadcast.

Levi first invoked the Fifth.

See KITV on Page A-4

42-898
LWK
HONOLULU ADVERTISER
HONOLULU, HAWAII
7/13/77
HOME
PAGE A-1, A-4

From Page 1

Amendment guarantee against self-incrimination in response to a question from Cooper about the news broadcast.

At that point Judge Sodetani signed an order granting the reporter immunity from prosecution in an attempt to force him to testify by denying him the right to invoke the Fifth Amendment.

The order protected Levi from prosecution on possible criminal charges relating to possession or access to the grand jury testimony. But the immunity did not protect him from perjury or contempt-of-court prosecution.

Cooper then asked Levi whether he had obtained access to the grand jury transcript.

"I can't answer that question and I won't answer it because I feel it infringes on my First Amendment (freedom of the press) rights," Levi said.

Special prosecutor Cooper then said "none of us are enjoying this at all" and asked Sodetani to find Levi in contempt.

"The court recognizes your First Amendment rights but at times they are outweighed by more important and compelling need for disclosure," Judge Sodetani said.

The news broadcast "has cast a cloud of suspicion over the heads of those persons who rightfully have access to the transcripts," Sodetani said.

The judge ordered Levi to answer the question and warned him that he might be found in contempt if he did not answer.

"With all due respect to the court," Levi said, "I feel a newsman has a paramount — it is of paramount importance to him to maintain the confidentiality of his sources."

After Levi refused to answer further questions from Cooper and Barlow, Cooper asked "with exceeding regret" that Levi be jailed until he would answer the questions.

"I don't do this with any relish at all but I feel that under the circumstances it is necessary," Cooper said.

Then Judge Sodetani told Levi, "This court reluctantly and regrettably orders you to be confined at Halawa Correctional Facility until you are ready to answer these questions."

KITV attorney Kiefer argued that the subpoena to Levi should be quashed because the court did not explore all possible avenues of determining where Levi obtained access to the transcripts. But Sodetani refused to quash the subpoena.

The four lawyers representing Fasi and Chung, the attorneys on the prosecution team, and court staff members all signed sworn affidavits that they had not supplied the information to Levi.

But Kiefer pointed out that many other persons, including investigators and potential witnesses in the bribery trial, may have copies of the transcripts.

Cooper noted during the course of yesterday's hearing that "most or all" of the information contained in Levi's news broadcast "was already in the public domain — it was known," he said.

The defense has maintained in a motion to dismiss the Fasi-Chung bribery indictment that the KITV broadcast constituted "prejudicial pretrial publicity" sufficient to permanently destroy the defendants' right to a fair trial.

That motion is to be argued in full before Sodetani on Friday.

The bribery trial has been delayed twice to date. Jury selection is set to begin Aug. 1.



Courtroom sketch of Matt Levi on the stand yesterday.

Hansen: Fasi never sought money

BY JAMES DOOLEY
Advertiser Government Bureau

A newly written statement by the State's star witness "makes it clear that the State has no case" in its Kukui Plaza bribery charge against Mayor Frank Fasi, the Mayor's attorneys said yesterday in a Circuit Court brief.

The attorneys filed with the brief a previously unpublished 38-page statement written late last month by Hal J. Hansen Jr., former president of the firm that developed Kukui Plaza. In the statement, Hansen says among other things that:

• Before February of this year, Hansen and Fasi never discussed the subject of campaign contributions and "he (Fasi) didn't indicate that he was expecting any, and he didn't ac-

knowledge that I was making any."

• Although Fasi's political fundraiser, Harry C. C. Chung, did help Hansen's firm, Oceanside Properties, get the Kukui Plaza contract, Hansen believes that "had the matter of political contributions been the only, or even the primary selection consideration," there were other firms looking for the job that had contributed to Fasi in the past and had more money available to contribute than did financially troubled Oceanside.

Fasi and Chung have been indicted for bribery and face trial Aug. 1. The grand jury indictment against Fasi and Chung alleges that Chung, acting as Fasi's agent, in 1970 solicited and received from Hansen a \$500,000 bribe offer in return for get-

ting the Kukui contract from the Fasi Administration and that Hansen paid \$85,000 in furtherance of that agreement.

The Fasi-Chung defense team has repeatedly stated in court that the prosecution has no evidence linking

Newman threatened with prison unless he reveals Kukui source. See story on Page A-3.

Fasi to an alleged bribery scheme. The State has maintained that it intends to prove its case against the Mayor on circumstantial evidence and prove that Chung was acting as Fasi's agent.

The Hansen statement was filed in Circuit Court yesterday as part of a

defense motion to dismiss the bribery indictment against Fasi and Chung.

Hansen, who has received immunity from prosecution from the State in return for his testimony, said in the statement that it was written in compliance "with the requirement that I testify truthfully and fully in the Kukui Plaza matter."

Dated June 21, the statement reviews the seven-year history of the City-sponsored Kukui Plaza urban renewal project and Hansen's dealings with Fasi and Chung during that time frame. The statement did not basically diverge from what has already been publicly revealed of Hansen's grand jury testimony.

Among the highlights of Hansen's statement were these:

HONOLULU ADVERTISER
HONOLULU, HAWAII
7/9/77
HOME
PAGE A1

42-898

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• A contributing factor in his decision to turn "State's evidence" was a belief that he would receive an unusually stiff jail sentence if convicted of Kukui-related crimes.

"In January of 1977 I received a call from a friend who is closely connected with the present and former State Administrations," Hansen wrote.

The unnamed friend told Hansen over lunch later that "if I was found guilty it was not going to be an 18-month or three-year thing," Hansen said.

"I was 'looking at 15 years' and with an unsympathetic parole board for good measure," Hansen quoted his friend as saying.

"He said that he was also a 'good

See FASI on Page A-4

friend of Harry (Chung) but I had better think seriously about 'saving yourself before it is too late,'" Hansen said.

The next day I reported this conversation to my attorney, and shortly thereafter we entertained discussions on the immunity question with the Special Deputy Attorney General" (Grant B. Cooper), he said.

Hansen never discussed campaign contributions or the alleged bribe agreement with Fasi.

"During the seven-year span of the Kukui Plaza project (1970-77) — from my meeting with him in October 1970 to the present — the Mayor never mentioned the subject of campaign contributions to me," Hansen said.

"He didn't indicate that he was expecting any, and he didn't acknowledge that I was making any. It wasn't until our meeting of Feb. 2, 1977, that I told Frank that I had contributed to his campaign."

Hansen described his relationship with Fasi as "friendly and cooperative — but it was not privileged."

• The City Administration was "unfair and injurious to Oceanside" over the question of who owned some 900 "public" parking stalls at Kukui Plaza.

In addition, Hansen said, "in another project, his Administration downzoned and condemned some property we were trying to develop on Piikoi Street, which cost us a chance to make over a million dollars in profit."

• Chung interceded on Hansen's behalf when the Kukui Plaza development contract was being sought by seven different firms.

"As I understand the situation, there were different people applying pressure and lobbying for the various applicants," Hansen said.

"Harry was on our side, and as our advocate he exerted his influence on our behalf, and Oceanside was ultimately designated as the intended developer for the project," he said.

"I think that Oceanside deserved the award on the basis of merit."

"Harry's intercession undoubtedly had significant influence, but I think that without a viable and attractive proposal Oceanside would not have been designated as the intended developer," Hansen said.

"During the preselection period from October 1970 to February 1971, Harry and I had about a dozen conversations in person and on the phone.

"Among other things we talked about the concept of political financial support," Hansen said.

"We discussed the fact that most political organizations get a significant amount of their financial operating costs, particularly election campaign costs, covered by supporters doing business with the particular political administration involved," Hansen said in his statement.

"In this context, Harry asked me what I thought the job could stand, and I said that I thought it could carry about \$500,000, which worked out to about one per cent of the gross project value.

"We discussed how the money could be paid and I told him that because of Oceanside's tight finan-

cial condition, it would be difficult, but that I would do my best to work it out," Hansen said.

"During the following months, I met with Harry occasionally to make periodic contributions, to discuss the status of the project, and to visit generally.

"In the fall of 1974 it became apparent to me that the project could not throw off enough cash to pay the \$500,000 amount," Hansen said. "I went to Harry and told him this and he accepted it without any great problem.

"I said that I would try to make up the balance by conveying some apartments to him from a group that he had selected for purchase, and he went along with this," he said.

Even that arrangement fell through because of Oceanside's tight financial condition, Hansen said. Chung "again accepted this reversal," Hansen said.

In 1975 and early 1976, Hansen said, he borrowed a total of \$45,000, personally from Chung, a favor which "says a lot about a man and means a lot to me."

Hansen said that "approximately \$65,000 in cash or goods were actually contributed pursuant to" the understanding with Chung.

"At the request of Mr. Chung, the contract for project architectural services was awarded to the firm of Daniel, Mann, Johnson and Mendenhall, the furniture, carpeting and draperies contracts went to Twenti-

eth Century Furniture and a few smaller contracts for services were placed, such as Washertette Clinic for operated laundry facilities," Hansen said.

Chung is vice president of 20th Century Furniture. His family owns Washertette Clinic.

"Had the matter of political contributions been the only, or even the primary selection consideration," Hansen said, "then in my opinion there were certainly among the group of seven applicants at least one or two firms (a) with more money available for political contributions than Oceanside, (b) as willing as Oceanside to make political contributions, and (c) with a history of having actually made political contributions in the past — which Oceanside had not done."

Hansen estimated the total value of "politically related" contracts awarded by Oceanside in the Kukui job to be "about \$3 million of the total development cost of \$47 million."

The politically-related contracts were "competitive pricewise," he said.

Hansen also said that he received "a tremendous amount of pressure from many sources" over the sale of 227 specially priced "moderate-income" residential units in Kukui Plaza.

As part of its contract with the City, Oceanside had to sell 25 per cent of the Kukui units at prices

within the purchasing range of moderate-income buyers.

"Because of the desirability of these units we were under a tremendous amount of pressure from many sources (politicians, business acquaintances, directors and employees of the company, etc.) to award them to friends or relatives of various people," Hansen said.

"Many of the units were awarded on the basis of these requests, however to the best of my knowledge all of these purchasers did comply with the (income) guidelines," he said.

Hansen alleged in the statement that he did not act alone at Oceanside "concerning the matter of political contributions and considerations." He said that "most of Oceanside's directors knew and approved of political contributions and considerations."

In some cases, he said, he "was operating with the directors" and the corporation's general knowledge and implied consent, or in some cases with the directors' and the corporation's specific knowledge and express consent."

The motion to dismiss the indictment will be argued before Circuit Judge Toshimi Sodeani next week. Also scheduled for argument at the same time is another motion for dismissal based on the contention that "prejudicial pretrial publicity" has permanently eliminated any chance for Fasi and Chung to receive a fair trial.

How Hansen handled sale to Fasi of Kukui Plaza unit

By JAMES DOOLEY

Advertiser Government Bureau

Mayor Frank Fasi earlier this year bought a Kukui Plaza condominium through Hal J. Hansen, the prime prosecution witness in the State's bribery case against Fasi and his former political fund-raiser, Harry C.C. Chung. The Advertiser has learned.

The 29th-floor condominium unit is next to one of the other two Kukui Plaza condominium units Fasi previously purchased in a show of support for the urban renewal project.

Records at State Land Court show that Fasi signed an agreement of sale for the unit on April 26, more than a month after the Oahu grand jury returned the bribery indictment against Fasi and Chung largely on the strength of testimony from Hansen.

Fasi signed agreements of sale for the other two Kukui units in late February

and early March — before the indictment.

Hansen told The Advertiser yesterday he represented his father-in-law and mother-in-law, Mr. and Mrs. C. Edward Rowe, in selling the third unit to Fasi.

Last year the Rowes signed a contract to buy the apartment and paid a \$1,000 deposit, but they later decided not to close the deal, Hansen said.

In 1975, about a year after Kukui Plaza sales opened, Hansen had reserved the unit for Norman Buell, another important witness in the bribery case against Fasi and Chung.

Hansen is former president of Ocean-side Properties Inc., the firm that developed Kukui Plaza in conjunction with the City.

Buell was president of a now-defunct construction supply firm, Project Supply Inc. That firm allegedly was used by Hansen as a "dummy company" to di-

vert Kukui Plaza construction funds to his personal use.

Buell never followed through on the reservation to buy the unit and his name was removed from the reservation list and was replaced by Hansen himself.

Hansen decided not to buy and asked the Rowes if they were interested in purchasing. They were and put down the \$1,000 deposit last July.

Fasi decided to buy the unit when it became available because it was next to one of the units he already owned, Hansen said.

One individual close to the transaction said there is some thought being given to combining the two units into one large apartment.

Land Court records show that the purchase price for the condominium is \$78,200.

The agreement of sale expires in three years, with Fasi paying some \$570 per month in the interim.

HONOLULU ADVERTISER
HONOLULU, HAWAII
6/17/77
HOME
PAGE A-3

62-898
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Hal Hansen
The middle man in sale

6/15/77

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AIRMAIL

TO: DIRECTOR, FBI
(ATTN: Legal Counsel Division)

FROM: SAC, HONOLULU (62-898)

SUBJECT: GRIFFIN B. BELL
ATTORNEY GENERAL OF THE
UNITED STATES
INFORMATION CONCERNING

Enclosed for the Bureau are six copies of an LHM and
attached [redacted]

b6
b7C
b7D

[redacted] Honolulu Mayor FRANK F.
FASI who was indicted 3/21/77 by a local grand jury on bribery
charges.

For the information of the Bureau, on 6/14/77, [redacted]
[redacted] Honolulu contacted the Honolulu
Office and advised [redacted]

b6
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[redacted] advised that [redacted]

b6
b7C
b7D

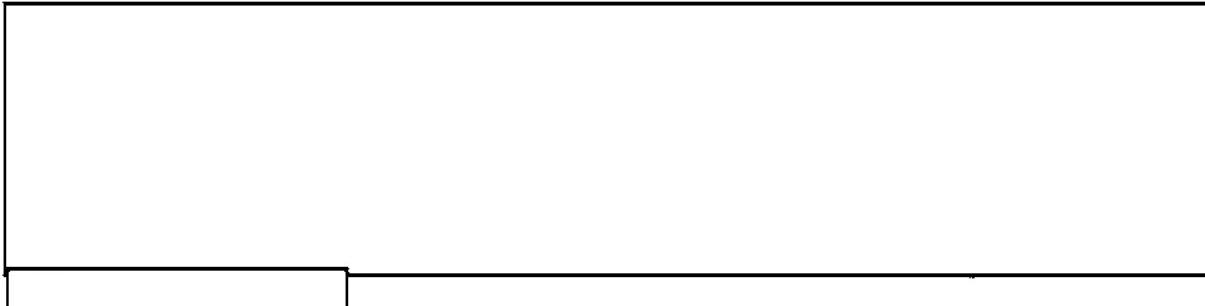
3 - Bureau (Enc. 6)
① - Honolulu

MJM/ctm
(4) *LMW*

Searched _____
Indexed _____
Serialized _____
Filed _____

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HN 62-898



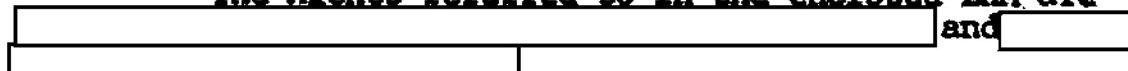
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ADMINISTRATIVE:

Honolulu UACB taking no further action concerning information provided by [redacted] regarding Attorney General BELL.

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The Agents referred to in the enclosed LHM are [redacted] and [redacted]



Honolulu, Hawaii

June 15, 1977

**GRiffin B. Bell
ATTORNEY GENERAL OF THE
UNITED STATES**

Recent Hawaii newspaper articles have revealed that a bitter political rivalry and battle currently exists in the State of Hawaii between Governor George R. Ariyoshi and Frank F. Fasi, Mayor of Honolulu, both Democrats.

Mayor Fasi is considered by many political observers as a formidable opponent to Governor Ariyoshi's expressed intentions to seek re-election in Hawaii's gubernatorial race in 1978.

On March 21, 1977, Fasi, along with his long-time political campaign fund raiser Harry C. C. Chung, were indicted by a local grand jury on charges of receiving a \$500,000 bribe in connection with the Kukui Plaza Development in Honolulu. Kukui Plaza is a \$50 million condominium-commercial mall urban renewal project built on City-owned land in downtown Honolulu.

The thrust of the local indictment alleges that Fasi and Chung were paid a \$500,000 bribe by [REDACTED] developer of Kukui Plaza, in exchange for Oceanside's selection by Fasi to develop the urban renewal project.

On June 14, 1977, [REDACTED] Honolulu, Hawaii, was contacted at his request by Special Agents of the Federal Bureau of Investigation. [REDACTED]
[REDACTED]

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This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

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1 - 62-898
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(7) *[Signature]*

RE: GRIFFIN B. BELL

[redacted] advised that [redacted]

[redacted]
[redacted] advised he desired to make [redacted]
[redacted] available to the Federal Bureau of Investigation so
that it could be forwarded to Attorney General Griffin B. Bell
for his review.

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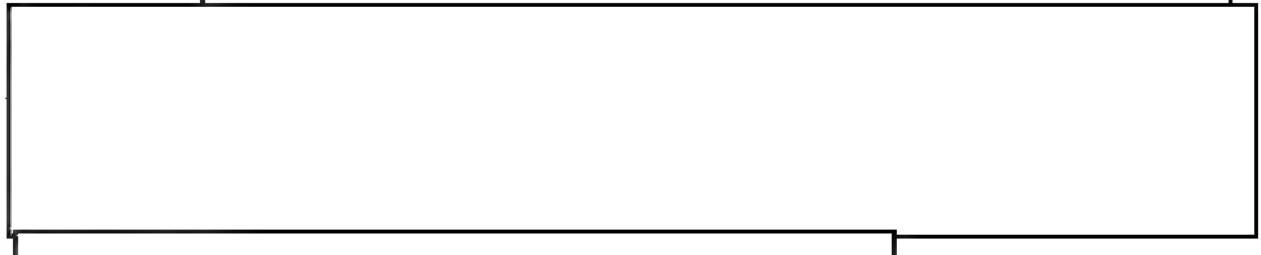
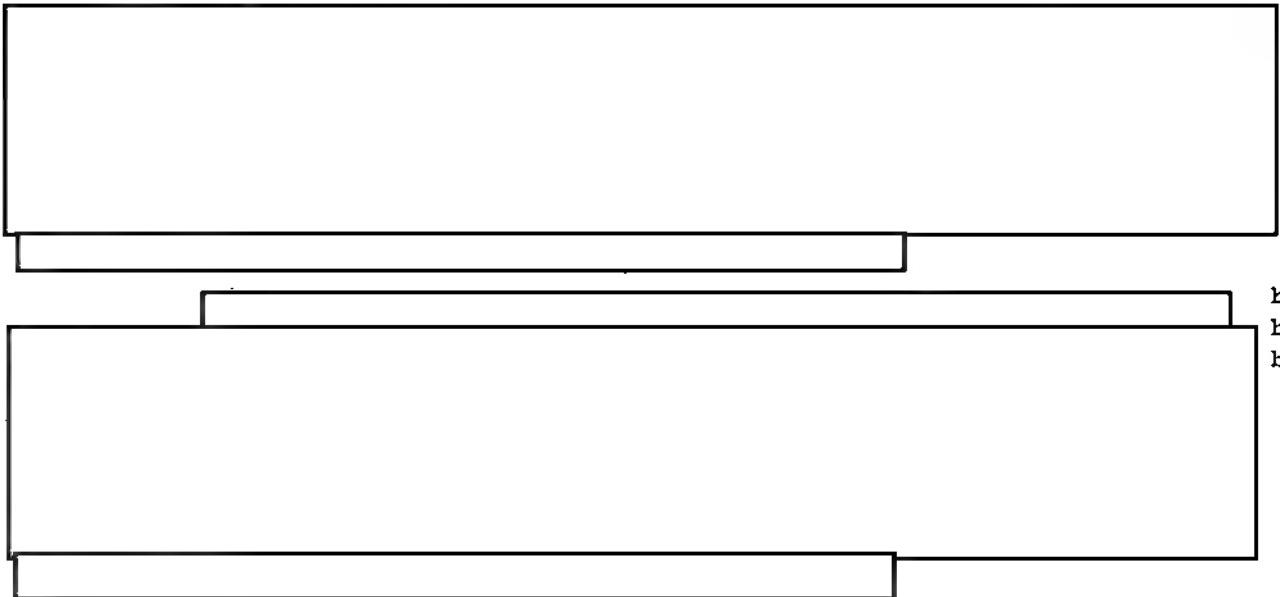
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According to [redacted]

[redacted]
[redacted]
[redacted] advised [redacted]
[redacted]

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RE: GRIFFIN B. BELL



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Mayor loses two pretrial motions

By JAMES DOOLEY
Advertiser Government Bureau

Two pretrial defense motions in the Mayor Frank F. Fasi-Harry C.C. Chung bribery case were denied in court yesterday, with another scheduled for argument Thursday.

Circuit Judge Toshimi Sodetani denied motions to dismiss the March 21 indictment against Fasi and Chung and to revoke State Special Dep. Atty. Gen. Grant Cooper's authority to prosecute the case.

The case is set to go to trial June 13.

The defense argued under the first motion that the indictment should be dismissed because Cooper was not authorized to appear before the Oahu grand jury to seek the indictment.

Attorney A. William Barlow for Fasi and Bert S. Tokairin for Chung said State law does not permit a special deputy attorney general to appear before a grand jury.

Cooper, 74, a Los Angeles lawyer specializing in criminal law, was hired by the State in November to investigate and prosecute the Kukui case.

Barlow yesterday questioned the need for the State to have gone out of State for legal help.

Out of the approximately 1,400 lawyers currently practicing in Hawaii, Barlow said, "probably five per cent are pro Fasi and 10 per cent pro (Gov. George) Ariyoshi, leaving 85 per cent of the Bar of the State of Hawaii available to handle this case."

For the State to have "imported a so-called honest lawyer is a sad commentary on the Bar of Hawaii," Barlow said.

Asst. Atty. Gen. Larry Zenker noted that the Attorney General's office is authorized to present evidence to the grand jury.

A "special" deputy attorney general has all the power and authority invested in the office that hired him, Zenker said.

Sodetani agreed with the State's argument.

He said Cooper has "the power to conduct the proceedings of the grand jury under his appointment and accordingly is qualified as a prosecutor within the meaning of the term."

The appointment of Cooper was approved in December by Circuit Judge Walter Heen and "this court will not disturb that order," Sodetani said.

The defense alleged in the other motion that Cooper had directed prejudicial pretrial publicity against

the defendant and consequently should be removed from the case.

In what he acknowledged to be a somewhat irregular move, Sodetani declined to hear oral arguments on the motion, saying the arguments would be "not only redundant but would amplify the matter and unnecessarily engender inflammatory publicity."

Sodetani said the issue was not one for his court to take up but rather should be directed to the disciplinary board of the State Supreme Court.

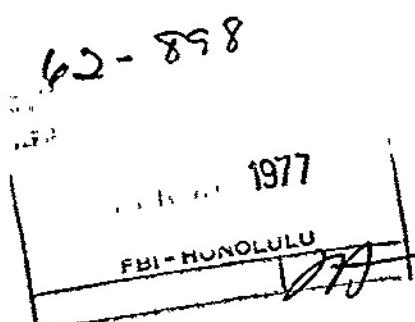
He termed the matter a "collateral issue" that would "undoubtedly intensify pretrial publicity and could very well cause delay of the trial."

He said if the defense attorneys insisted on raising the issue, they could "renew the motions for sanctions (against Cooper) after the conclusion of the trial."

He cautioned all attorneys involved in the case to review both the American Bar Association's standards regarding the free press-fair trial issue and the lawyers' Code of Professional Responsibility.

He did allow the defense to offer evidence that key prosecution witness Norman "Red" Buell is not suffering from cancer as the prosecution had indicated earlier this month.

HONOLULU ADVERTISER
HONOLULU, HAWAII
4/26/77
HOME
PAGE A-3



Cooper had asked for permission to take pretrial testimony from Buell in order to preserve that testimony in case Buell was unable to appear at the trial.

In making the request, Cooper said that Buell would testify that he helped assemble \$20,000 in cash in 1974 for Kukui Plaza developer Hal J. Hansen who allegedly turned the money over to Chung as part of an ongoing bribery agreement between Hansen, Chung and Fasi.

The defense charged that Cooper made the request for pretrial testimony as a ploy to publicize what Buell's testimony would be.

Sodetani has already turned down the request to take that early testimony from Buell on the grounds that the State did not prove that Buell might not be able to testify at the trial.

Wayne Sakai, another of Fasi's defense attorneys, yesterday told Sodetani that the two doctors who last year treated Buell for cancer of the mouth and neck would be available to testify that Buell no longer suffers from cancer.

The defense charged in a motion filed last week that Cooper purposely misled the court about Buell's condition.

Cooper said in a memo filed in

court yesterday that his office had tried without success to interview Buell's primary physician, Dr. Ramon K. Sy and to arrange for his appearance in court.

The attempt was made Saturday, April 9, by Dan Lee, an investigator attached to Cooper's office, the memo said.

When Lee attempted to communicate his problems to Cooper that day, Cooper was "basking in the sunshine around the pool of the apartment where he resides while in Honolulu," the memo said.

By the time Cooper's wife could get down to the pool "from the 33rd floor of the apartment building," and Cooper could ascend to his apartment to talk to Lee, Dr. Sy had left his office, the memo said.

A letter from Sy to Cooper was attached to the memo, saying that the prognosis of Buell's "condition is fair and he is being followed at three month intervals to evaluate any recurrence of his problem."

In a related Kukui Plaza matter, the City Prosecutor's office late Friday filed a thick argument with the State Supreme Court appealing Heen's decision in December allowing Cooper's employment as special deputy attorney general.

The appeal also seeks to overturn Atty. Gen. Ronald Amemiya's move in November to supersede the authority of the Prosecutor's Office to handle the Kukui case.

The appeal, submitted by Acting Prosecutor Togo Nakagawa and Dep. Prosecutor Roy K.S. Chang, states:

• Heen should have disqualified himself from the matter.

"The consistent and continuous pattern of overt antagonism and animosity exhibited towards (then-City Prosecutor Maurice Sapienza) by Judge Heen constitutes bias and prejudice to an impermissible degree," the appeal said.

• Heen's ruling that Sapienza had no legal authority to try to block the employment of Cooper was incorrect.

• The Attorney General's office had no power to supersede the Prosecutor's office.

• The employment of Cooper was illegal because, among other things, Cooper was too old and his salary was too high.

Thursday morning Sodetani will hear arguments on a defense motion that would force the prosecution to proceed on only one count of the indictment returned against Fasi and Chung.

Story of Cash to Chung Told

A witness in the State's bribery case against Mayor Frank F. Fasi will testify that he helped Kukui Plaza developer Hal J. Hansen get together \$20,000 in cash for delivery to Fasi's then-chief campaign fundraiser, Harry C.C. Chung.

Norman Buell, who ran a company called Project Supply Ltd., will testify that he "cashed several checks totaling some \$20,000" on or about April 1, 1974.

"On the same day he delivered \$20,000 in cash to Hansen" in the Buells' apartment, Buell will testify, according to an affidavit filed in Circuit Court by the State's special prosecutor, Grant B. Cooper.

BUELL WILL SAY he heard Hansen say he was going to call Harry C.C. Chung and saw Hansen go to the telephone, dial a number and ask: "Is Harry there?"

After a pause, Hansen allegedly told the party at the other end, in substance, to "tell Harry I'll drop by. I have a package for him," the affidavit says.

According to the affidavit, Buell will testify that Hansen left the apartment with the cash.

During City Council hearings last year, testimony was heard that Project Supply, owned by Buell and his wife Norma, functioned as a dummy company to transfer funds from Hansen's company back to Hansen and Chung.

IT WAS ALLEGED that Hansen would draw out development money from the lenders to the Kukui Plaza project and write checks to Project Supply for services that company was supposed to have performed.

Buell, in return, would cash the checks and pay the money back to Hansen who allegedly passed it on to Chung.

Buell testified in the secret grand jury sessions that resulted in the indictment against Fasi and Chung. Cooper's affidavit was in support of a motion seeking permission to take a deposition from Norman Buell.

The intent is to get Buell's testimony before the trial begins. Buell has cancer in the throat and neck area, Cooper said in the motion, and he wants any testimony by Buell to be preserved now.

FASI, AT A news conference after his court appearance this morning, said there is "nothing new" in the affidavit and accused Cooper of being a "devious lawyer" conducting "strictly a public relations battle for political purposes."

Fasi, who reiterated his innocence of the charges against him, continued his attack on the State's motives.

"The tactics they are using are highly unethical," he said.

"All they intend to do is keep on dragging this thing out" at the City Council and with its

The Buell testimony is only a small part of the over-all State case against Fasi and Chung. ADP 4-1977
FBI - HONOLULU

HONOLULU STAR-BULLETIN
HONOLULU, HAWAII
PAGE A-1
HOME
4/1/77

62-898

SEARCHED	INDEXED
SERIALIZED	FILED
APR 4 1977	
FBI - HONOLULU	
JJD	

Bribe Case Trial Set for June 13

By Russ Lynch
Star-Bulletin Writer

Mayor Frank F. Fasi and his former chief campaign fund raiser, Harry C.C. Chung, both pleaded innocent in Circuit Court today, on State bribery charges against them. Their trial is set to begin June 13 at 8 a.m. before Court Judge Toshimi Sodetani.

Fasi and Chung are charged with arranging to take a \$500,000 bribe in return for awarding the development rights for what became the controversial Kukui Plaza apartment complex.

Chung is charged separately with theft. The Mayor and Chung pleaded innocent on all counts against them before Circuit Judge Masato Doi.

Both left immediately after the brief hearing without commenting to waiting reporters.

Judge Doi declined to hear motions filed by both sides, leaving them for Judge Sodetani to consider, probably next week.

The plea hearing, originally set for next Wednesday, was moved forward because Fasi plans to leave for Australia and New Zealand over the weekend and will be away until about April 11.

Fasi and his wife Joyce will take a Pan American World Airways inaugural flight and use the opportunity to meet with officials of various cities in preparation for the annual meeting of the Pacific Asian Conference of Municipalities.

That conference will take place in Manila in May. Fasi is founder and president of the organization.

A grand jury, working on evidence presented by the State's special prosecutor, GRANT B. COOPER, indicted Fasi and Chung March 21.

THE TWO ARE charged together with asking for the \$500,000 bribe payment from Kukui Plaza developer Hal J. Hansen in return for Fasi's award of the development rights to the \$50 million urban renewal project to Hansen's company, Oceanside Properties Inc.

Chung is also charged separately with first degree theft for allegedly taking \$20,000 from Oceanside and its lenders by "deception."

The indictment charges that a bribe arrangement was made in the fall of 1970 between Fasi, Chung and Hansen, and that Hansen made payments at Chung's direction from time to time, including large contributions to the Fasi political campaign fund.

Fasi has said he is completely innocent of the charge and that the prosecution of the case is a "monstrous plot" by Gov. George R. Ariyoshi and his political organization to get Fasi out of next year's race for the governorship. Fasi said he will formally announce for that race April 21.

HONOLULU STAR-BULLETIN
HONOLULU, HAWAII

4/4/77

HOME

PAGE A-1

62-898

SEARCHED	INDEXED
SERIALIZED	FILED
APR 11 1977	
FBI - HONOLULU	

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Mayor Fasi

Indicted for

Taking

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Bribe

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By Russ Lynch
Star-Bulletin Writer

Mayor Frank F. Fasi today was indicted by a grand jury on a charge of receiving a \$500,000 bribe in connection with the Kukui Plaza development.

Harry C.C. Chung, Fasi's longtime campaign fund raiser, was indicted by the same panel for allegedly aiding and abetting the bribe. Chung also was indicted separately on a theft charge.

Fasi and Chung were the only persons named in the indictments, returned by the grand jury at 11 a.m.

Grant B. Cooper, the State's special prosecutor, said he has no immediate plans to seek indictments against other persons.

Fasi and Chung are to be arraigned at 8:30 a.m. Wednesday before Circuit Judge Yoshimi Hayashi, and Cooper said he will not ask that the two be placed under bail, indicating that they will be released on their own recognizance.

THE INDICTMENT said the \$500,000 bribe was agreed to by Hal J. Hansen, president of Oceanside Properties Inc., developer of Kukui Plaza.

Cooper had charged that Hansen promised in October and November of 1970 to pay the sum of \$500,000 to Fasi, in his capacity as Mayor, in return for the selection of Oceanside to develop the \$50-million urban renewal project in downtown Honolulu.

Mayor Fasi's office said immediately following the return of the indictment that he would have no comment until he sees the indictment.

City Council Chairman Marilyn Bornhorst said, "I'm surprised that there was enough evidence to indict the Mayor of Honolulu."

SHE CALLED the indictment "a very serious thing."

"It's a very bad thing for the City

and something that should not be taken lightly," she said.

Cooper told reporters after the indictment was received in Hayashi's court that the State could not have achieved an indictment without Hansen's testimony, which was given in return for a promise of immunity from prosecution on theft charges against him.

THE INDICTMENT said Hansen agreed to make the payments from time to time in the future as campaign contributions and other gifts, gratuities, services and benefits to and on behalf of Frank F. Fasi in his capacity as Mayor, by delivering said payments and other benefits to his agent, Harry C.C. Chung.

Hansen's company was awarded the Kukui Plaza development rights in 1971 and built the 908-unit development. The contract was awarded in February 1971, three months after the alleged agreement between Hansen and Fasi for the \$500,000 kick-back.

The \$500,000 included a list of checks made by Hansen to the Friends of Fasi, the Mayor's campaign organization; checks to the Mayor's Symphony Ball; television sets and other equipment given to Fasi's campaign, and a number of cash payments allegedly made to Chung as the Mayor's "agent and accomplice."

Cooper said that there are two bribery counts against Fasi and Chung because of a change in the law. There is really only one overall bribery charge but it had to be worded two different ways because of changes in the new penal code.

He said he could not estimate when the case will come to trial, but from local experience relayed to him, he believes it probably will be in June.

The separate theft charge against Chung, who was an important subcontractor on the Kukui Plaza project, was for allegedly obtaining \$20,000 from Hansen "by means of deception."

Cooper and Deputy State Atty. Gen. Larry L. Zenker, who assisted in the investigation, said the new penal code provides for a fine of up to \$10,000 or five years in jail on bribery conviction. Under the old Hawaii Revised Statutes, the maximum penalty was a fine of up to \$1,000 or five years in jail.

HONOLULU STAR-BULLETIN
HONOLULU, HAWAII
3/21/77
HOME
PAGE A-1
62-898



PROSECUTORS-Grant B. Cooper, State special prosecutor, and Larry Zenker, deputy attorney general, leave the court building today with indictments in the Kukui Plaza case. — Star-Bulletin Photo by Warren R. Roll.



Frank F. Fasi



Harry C.C. Chung

Mayor Fasi's

statement on indictment

Before I begin, let me make the observation that the local news media, and in particular our two daily newspapers, have given unprecedented coverage to the Kukui Plaza project and to the allegations, rumors and innendos which have followed.

I would venture to say that there has been more written in The Advertiser and Star-Bulletin about Kukui Plaza than any other single news story in the history of Honolulu with the possible exception of the attack on Pearl Harbor.

In the interest of fairness, therefore, I am formally asking that both newspapers print the entire text of this statement in a prominent location and in standard-sized type. I also ask that our radio and television stations make arrangements to carry this statement, in its entirety, in prime listening or viewing time.

In view of the amount of coverage all media have given to Kukui Plaza, I believe that is the least that should be done, as I say, in the interest of fairness.

GOVERNOR George Ariyoshi, through his appointees Ronald Amemiya and Grant Cooper has managed to indict me on a bribery charge in connection with the Kukui Plaza investigation.

I, therefore, feel at liberty to reveal now that over a week ago we were informed by Deputy Attorney General Cooper himself that I was to be charged with bribery . . . specifically, arranging with Harry Chung and Hal Hansen for \$500,000 to be paid in installments from 1970 to 1975 in return for giving Hansen's firm the Kukui Plaza project.

The charges as outlined in the indictment, are absolutely and completely false. That any charges whatsoever should be made at all is a monstrous abuse of political power.

To bring matters to this point, the Governor has (1) arbitrarily and illegally taken the Kukui Plaza matter away from the City Prosecutor; (2) brought in a mainland lawyer to conduct the investigation; (3) bankrolled this political vendetta by means of his personal contingency fund.

HONOLULU ADVERTISER
HONOLULU, HAWAII
3/22/77
HOME
PAGE A11
KAHOOLAE
70-1040

62-898
70-1040

SEARCHED	INDEXED
SERIALIZED	FILED
MARCH 22 1977	
FBI - HONOLULU	

LAW

BUT TO FULLY understand and appreciate the frightening aspects of this entire matter, it is necessary to review the history of the several investigations into the Kukui Plaza project.

The original investigation was begun almost a year ago by Councilman Kaapu. There is almost universal agreement now, after seeing how he conducted the hearings, that his primary motive was to gain exposure for himself while he was campaigning for my job as Mayor of Honolulu. In fact, we have on file a letter from a former member of his political organization indicating that fact.

Nearly a year has passed and the investigation still continues. It continues to be directed by the Attorney General and by the Governor, who is desperately trying to prevent me from being his opponent in the 1978 elections.

I am quite accustomed to being harassed and investigated, since it's a technique the State Administration has used against me almost continuously for more than six years.

In 1970, the State Administration tried, through the Legislature, to cut my term of office in violation of the City Charter.

In 1972, during the campaign, the Attorney General spent a great deal of time and money to make the "disappearance" of a computer expert seem political, mysterious and sinister. The "disappearance" turned out to be a husband running away from his wife and family.

In 1973, a deputy attorney general went to the Oahu Grand Jury with an investigation into my campaign fund.

In 1974, during another political campaign, the State Campaign Spending Commission, whose members were appointed by Governor Ariyoshi, launched an investigation into my gift of \$365,000 to the City. Nothing illegal was found, yet this commission publicly censured me just 10 days before the 1974 primary election. The courts later ruled that the censure was improper, illegal and based on an unconstitutional application of the law.

In 1976, during still another political campaign the Kukui Plaza matter first surfaced. As we have seen, it was shamefully exploited by all of my political opponents right through the election.

AND NOW, anticipating the 1978 Governor's race, the Kukui Plaza investigation continues. Make no mistake about it, that's what this indictment is all about. They're trying to eliminate me as the only effective opposition left in the State of Hawaii to the political dictatorship which has controlled our State for 15 years.

But whereas in the past the Governor and the Attorney General have used the media to create doubt as to my honesty in the mind of the public, this time they have gone a giant step farther . . . this time, they are using the courts.

Every resident of Hawaii has cause for genuine alarm, because what is being done to me today could be done to any other citizen tomorrow. The legal apparatus of our State government, including the court system, is being used by the present State Administration not as an instrument of justice, but as a political weapon.

Thus, today's indictment is, in fact, an indictment of the men responsible for abusing their power and authority. Today's indictment should serve notice on the people of Hawaii that we do not have political freedom in this State if that freedom is used to challenge those in power at the State government level.

IN MY CASE, these investigations have been conducted without regard for the waste of time and effort, or the cost to the taxpayers. My civil rights, the rights of my family, and of my friends and associates have been flagrantly violated. The State Administration has let nothing and no one stand in the way of its efforts.

For six years now, my friends, my family and I have been subjected to gross, abusive and alarmingly illegal scrutiny and inquiry by persons on the State payroll. No one on Nixon's "enemies list" has had the surveillance and probing for which I have been the target.

Let me cite just two examples of the extremes to which these people have gone in violation of my civil rights.

Recently, we learned that two State investigators appeared at a local camera shop. They asked about a check in the amount of \$50, written to me from Ocean-

side Properties. It so happens that the check was to reimburse me for a large color photograph I had taken of the project during construction. A simple explanation. But the investigators presented the shop owner with a subpoena demanding all of their records for any and all of my personal transactions at the store! What's next? My grocery store? My laundry? My tailor? My doctor?

One other example of how my rights have been trampled on: State investigators have made numerous inquiries about my home, about who built it, about who decorated it and about my financing. Now this obviously has nothing to do with Kukui Plaza but is, rather, a fishing expedition. And it's all being financed with public tax dollars.

I wonder why the Attorney General doesn't investigate who built Mr. Ariyoshi's house. Who built it? What contracts they got from the State?

IN ANY EVENT, it seems certain now that the issue will finally be brought out into the open.

Grant Cooper, the State's illegally-appointed deputy attorney general who calls himself "special prosecutor", has told several people in Honolulu that he was brought here from California to do one job — "to get the Mayor before the 1978 elections."

If there was ever any doubt of that, the record was made clear on Friday, March 10 when it was revealed that my former campaign finance chairman, Harry Chung, was invited to discuss immunity with Mr. Cooper. Obviously, if they were willing to give Harry immunity, there would be only one person left—me!

To his great credit, Harry responded to the offer by saying that neither he nor I had done anything wrong and, therefore, there was nothing for which immunity could be given.

Directly and indirectly, we have had a number of dealings with Mr. Cooper already. May I say there is no doubt in anyone's mind that he is a very clever lawyer.

By comparing the experiences of those people who have dealt with Mr. Cooper so far, we have also come to the conclusion that he is thoroughly unscrupulous. He has tried in devious ways to play me against Harry Chung, Harry against Hal Hansen, and other witnesses against each other.

On March 3, for example, Cooper called my personal attorney, Bill Barlow. He told Mr. Barlow that he was going to indict Harry Chung. But he also said he was satisfied that I was not involved in any wrongdoing. He then told Mr. Barlow that should anything come up which might involve me, he would give me a chance to discuss the evidence with him and to tell my side of the story. Thus, as of March 3, according to Cooper, I was not involved.

I was concerned, of course, to learn from Bill Barlow that Cooper was going to indict Harry. But it did appear that as of March 3, I had been cleared by their investigation, biased though it may be.

But, at the same time Cooper was telling Bill Barlow I was not involved in anything wrong, he was talking about giving immunity to Harry Chung. If Cooper thought I was innocent, if he was prepared to give immunity to Harry, and since Hal Hansen already had immunity, there would be no one left for him to prosecute.

cute! Clearly, Cooper was lying. And he has lied before. In 1969, Cooper admitted to a federal judge that he had lied about where and how he had obtained a transcript of secret grand jury testimony. Cooper pleaded guilty on two counts of contempt of court and was fined \$1,000.

ON THE AFTERNOON of March 10th, I received a call from Cooper in my office. I refused to accept the call. Cooper knows that Bill Barlow is my attorney and I knew that by his speaking to me directly without consulting my attorney, Cooper would be violating the ethics of the legal profession. I therefore asked the City's Corporation Counsel to return Cooper's call.

It was in this manner that we first learned, from Cooper himself that a bribery indictment had been prepared in which I was accused of arranging a \$500,000 payoff. According to Cooper, the deal was worked out among me, Harry Chung and Hal Hansen. Payment was to be made in installments over a six-year period, from 1970 to 1975. In return for the money, Hansen's firm would be awarded the Kukui Plaza project.

Thus, according to Cooper himself, on March 3rd he was satisfied I was innocent of any wrongdoing. Less than a week later he had prepared an indictment against me based on evidence that had suddenly and miraculously turned up in the space of three or four days.

During his March 10th phone conversation with the Corporation Counsel, Cooper "invited" me to appear before the Grand Jury to tell my side of the story. He urged that I appear voluntarily because, as he put it, "it wouldn't look right if the Mayor was subpoenaed."

The very next day, however, Cooper was quoted by reporters as saying, "I would not subpoena anyone who might be considered a thrust of the questioning in the Grand Jury."

It's quite clear, then, that Cooper was trying to bluff me into going before the Grand Jury. The devious Mr. Cooper was and still is on a fishing expedition since, as we now know, he already had an indictment prepared for me.

Now, as far as this indictment is concerned, let me say as clearly and as plainly as possible that there is absolutely no truth whatsoever to these charges. I have, never, never at any time during my political career, accepted contributions from anyone in return for favors.

It never has happened and never will happen as long as I am in political office.

REGARDING this indictment, I ask the public to remember that Mr. Cooper presented only the State Administration's side of this story to the Grand Jury. Exactly how he went about his presentation becomes clear from a remark he made to the City's Chief Planning Officer, Bob Way:

During his interview with Cooper, Bob asked him about the purpose of his questioning. Cooper replied, "I would rather have several pieces of circumstantial evidence than an eyewitness when preparing a case for trial or for an indictment."

I think it's safe to say from this statement, plus the fact that Cooper took so long in his presentation before

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Continued from Page A-11

the Grand Jury, that he has no solid evidence. Instead, he wove a web of circumstantial evidence, which was pre-selected to support their objective — and that is, namely, to damage me politically.

BECAUSE I KNOW I have done nothing wrong, and because for the first time in more than a year, we will be able to state our case in a public forum, I am anxious and eager for this matter to get to court.

I will insist on a speedy trial, although I predict that the State will do everything possible to drag things out as close as possible to the 1978 election. For the record, I refuse to meet with Mr. Cooper. And likewise refuse his unethical and dishonest invitation to appear before the Grand Jury. I do so because an open courtroom is the only place where this matter can be laid to rest once and for all — the only place where we will have a full and fair chance to attack Mr. Cooper and his so-called evidence with full media coverage.

In that regard, this is one of the few times when I am actually looking forward to a maximum of publicity in the daily newspapers. Also, I intend to ask the court to allow live radio and television coverage of the entire trial. I want the people of Hawaii to see and hear for themselves every word that is spoken. I want the people to see exactly what they have gotten for the more than one million dollars spent so far by the City Council and by the State Administration on this political vendetta.

IT'S CRUCIALLY important for the people to understand that neither the Governor nor the Attorney General, nor Grant Cooper is interested in the just and fair prosecution of people guilty of wrongdoing. If they were, they would not have either offered or given immunity to virtually everyone involved with Kukui Plaza except me.

This is purely and simply a public relations battle being waged in the media. At stake is the governorship of our State. As in the last three elections, their only objective is to get the voters in this State to doubt my honesty and my integrity. It worked for them successfully in 1974 when they used the Campaign Spending Commission.

But it did not work in 1976. I have great confidence in our basic political system, in the good sense of the people, and in the good Lord. Their strategy will not work in 1978.

When this is all over, I'm confident that the people will lay the blame for this monstrous abuse of the political and judicial process right where it belongs — at the feet of Governor George Ariyoshi and the political cronies behind him.

For me, and for my family — for whom this is a terrible nightmare — I humbly ask the people of Hawaii to wait, to consider carefully and to bear with me. Have faith in me. I will not disappoint you.

Continued on Page A-12

Fasi Calls Charges a 'Monstrous Plot' to Stop Candidacy

By Russ Lynch
Star-Bulletin Writer

On the heels of an indictment that charges he agreed to take \$500,000 in bribes from the developer of Kukui Plaza, Mayor Frank F. Fasi yesterday said he will formally declare his candidacy for governor April 21.

Fasi described the grand jury indictment against himself and his former chief campaign fund raiser, Harry C.C. Chung, as a "monstrous plot" to discredit him, engineered by Gov. George R. Ariyoshi and his associates.

The Mayor also announced in the news conference that he is collecting money for a "Mayor's Defense Fund" to encourage supporters and members of the public to contribute to his defense against the bribery charge.

He also asked for a speedy and highly publicized trial.

FASI AND CHUNG were charged with negotiating the \$500,000 bribe with Hal J. Hansen, then president of Oceanside Properties Inc., in October and November of 1970.

According to the indictment, obtained by Los Angeles attorney Grant B. Cooper for the State, the "corrupt understanding" between Hansen, Fasi and Chung resulted in the Feb. 5, 1971 award to Hansen's company of the development rights to the City's Block G urban renewal project.

Oceanside subsequently developed the \$60 million, 908-apartment Kukui Plaza condominium complex as a private development on the downtown site leased from the City for \$1 a year.

HONOLULU STAR-BULLETIN
HONOLULU, HAWAII
3/22/77
HOME
PAGE A1
62-898

62-898

SEARCHED	INDEXED
SERIALIZED	FILED
MARCH 22 1977	
FBI - HONOLULU	

Wuk

THE INDICTMENT charges Fasi, aided and abetted by Chung, agreed to take the bribe and received it.

Chung was also charged separately with misappropriating \$20,000.

Cooper said the indictment charges that there was an agreement between Hansen, Fasi and Chung that Hansen would pay \$500,000 over a period of time.

The specific charges of accepting bribes, however, apply only to the alleged receipt of \$20,000 on April 1, 1974, and three television sets, worth a total of \$918, on Feb. 12, 1975.

Cooper said those payments were made within a three-year statute of limitations under the new penal code. But, he said, other evidence will be introduced during the trial which he expects will begin about June.

MEANWHILE, U.S. Atty. Harold Fong said a federal investigation is continuing.

Hansen was offered immunity in return for his testimony in the State case and the former executive vice president of Hansen's company, Joseph Zbin, was granted immunity in return for his cooperation with the federal authorities.

Cooper, retained by the State in November as a special deputy attorney general to investigate allegations of criminal wrongdoing in Kukui Plaza, declined to respond to Fasi's attack on him and his motives.

"I'm going to put my facts in court. Let the facts speak for themselves," Cooper said.

HE DESCRIBED Fasi's allegations that Chung had been offered immunity if he would testify against the Mayor as "inaccurate" but declined to elaborate.

Fasi claimed Chung's attorney, Bert Tokairin, was approached by Cooper with the immunity offer when the grand jury hearing started two weeks ago and that two representatives of the State attorney general's office repeated the offer last week.

Sources close to the investigation say they do not believe that happened but the official word from the investigating team and State officials is "no comment."

"First of all, I don't believe any payments have ever been made," Fasi said in response to the grand jury charge.

The indictment says that Hansen agreed to pay \$500,000 in "campaign contributions and other gifts, gratuities, services and benefits" to Chung on the Mayor's behalf "in consideration of Mayor Frank Fasi's promise

Text of Fasi's Statement on A-4

Editorial on A-14

to select Oceanside Properties Inc. as the developer of Block G."

FASI DESCRIBED as "ridiculous" the charge that he received payments either directly or through his campaign organization.

"I never heard of it. I never saw any of it," he said.

He said Oceanside was chosen because the company "had the best project" and because its proposal provided for apartment ownership for low and moderate income people while other proposals called for rental units.

"There is no way any jury is going to find me guilty in any respect—not by one iota—but their purposes will have been served," Fasi said in his attack on the indictment as a political move against him by what he called the Ariyoshi "political dictatorship."

"At no time, as a senator, a councilman or as mayor, has anybody ever given me one penny in return for a favor that I had the authority to give," Fasi said.

"There has never been any quid pro quo in any form," he said.

"IT COULD well be these people at the State level operate that way and they figure that if they operate that way, I operate that way," Fasi said.

The indictment, written so prosecution is possible under both the old Hawaii Revised Statutes and the new penal code, alleges that Fasi, aided and abetted by Chung, took bribes on or about April 1, 1974 and Feb. 12, 1975.

Cooper, the State's special prosecutor, likened Chung's involvement to that of a woman charged in a rape case.

The bribery statute applies only to public officials in the same way rape laws apply only to men. But anyone who assists in committing the offense can be charged too, Cooper said. It is similar to a rape charge being brought against a woman who aided a rapist by holding down the victim, he said.

"Fasi's got to be the principal. Only a public official can be guilty of

receiving a bribe," Cooper told reporters. But, "one who is not a public official can be guilty if he aids and abets the politician."

CHUNG, WHOM newsmen have not been able to reach for comment since the indictment, has been a central figure since news reports and a City Council investigation which began last spring disclosed alleged wrongdoing in the Kukui Plaza development.

Companies owned by the Chung family were awarded non-bid sub-contracts in the project and Chung, a longtime friend of developer Hansen, allegedly played an important role in allocating the 227 discount-price apartments intended for moderate-income buyers under the conditions of the urban renewal agreement.

City Council investigators also said Chung was the conduit in siphoning off money from the development and that he allegedly passed much of it on to Fasi and the Fasi campaign organization.

THE STATE indictment yesterday contained similar charges and it listed a series of payments allegedly made by Hansen and/or Oceanside to Chung or others allegedly proposed by Chung.

Fasi himself said yesterday he believes the State allegation is that Hansen agreed to make payments in money and goods worth \$500,000 in installments over a six-year period from 1970 to 1975 in return for getting the Kukui Plaza contract.

Fasi reviewed what he said were State attempts to "get" him over a number of years, culminating in the Kukui Plaza probe.

"Make no mistake about it, that's what this indictment is all about. They're trying to eliminate me as

Turn to Page A-7, Col. 4

Indictment a 'Monstrous Plot'

Continued from Page One

the only effective opposition to the political dictatorship which has controlled our State for 15 years," Fasi said.

HE DESCRIBED Cooper as illegally appointed and repeated an earlier allegation he made that Cooper had told others in Honolulu "he was brought here from California to do one job—to get the Mayor before the 1978 elections."

Fasi claimed that Cooper told the Mayor's personal attorney on March 3 that Fasi was not a suspect and "invited" Fasi to appear voluntarily before the grand jury. At the same time, Fasi claimed, Cooper was approaching Harry Chung with an immunity offer, in a devious attempt to trap Fasi.

Ironically, the same day that was supposed to have happened, March 3, Fasi told a KGMB-TV reporter in an interview that he would not be surprised if he was indicted by the Kukui Plaza grand jury.

GOV. ARIYOSHI, other members of the State administration and legislative sources declined to comment on yesterday's indictment against Fasi and Chung or on Fasi's remarks.

Like Cooper, they apparently feel the court is the proper forum from this point on.

City Councilman Kekoa D. Kaapu, who launched the Council investigation into Kukui Plaza last April and was chairman of the Council investigating committee, said he feels the indictment justifies the earlier investigation, and counters Fasi's charge that Kaapu was politically motivated.

Councilman Wilbert "Sandy" Holck, who took over the chairmanship of the Council committee when Kaapu ran for Mayor against Fasi, called on Fasi to step down as Mayor until the investigation is concluded.

He said the office of Mayor has been "cheapened" by the indictment and the City is under the "same kind of cloud the nation was under while

Nixon was fighting to stay in office and the Congress was considering his impeachment."

The business of government suf-

fered while Nixon was going through that and Fasi can prevent a similar situation here by stepping down, Holck said.

15

H. Chung a target: Cooper

By JAMES DOOLEY
Advertiser Government Bureau

State Kukui Plaza Special Prosecutor Grant Cooper indicated yesterday that Harry C.C. Chung, former political fund-raiser for Mayor Frank Fasi, is a target of the current grand jury investigation into the urban renewal project.

When asked if he plans to call Chung before the grand jury, Cooper told reporters: "I would not subpoena anyone who might be considered a thrust of the questioning of the grand jury."

A televised report last night quoted Chung as saying he was offered immunity by Cooper this week but refused it. The report, broadcast by KGMB-TV, said the offer was made through Chung's attorney, Bert Tokairin.

Cooper told The Advertiser last night that Chung's "statement is inaccurate."

"I do not intend to become embroiled with other parties and will say nothing further on the matter," Cooper told The Advertiser.

Chung and Tokairin could not be reached for comment.

Cooper said "no comment" when asked if he intended to subpoena Fasi to appear before the panel.

In a television interview last week, Fasi denied any personal wrongdoing in the \$50 million, City-sponsored condominium development but said he would not be surprised if he was indicted by the grand jury.

KGMB television newsman Pat Brown, who conducted that interview, appeared briefly before the grand jury yesterday to verify the accuracy of a transcript of that interview.

Brown said later that Cooper, and
See HARRY CHUNG on Page A-4

HONOLULU ADVERTISER
HONOLULU, HAWAII
3/15/77
HOME
PAGE A1, A4
62-898

62-898

1977

177

(From Page 1)

the grand jury were "particularly interested" in a portion of the interview dealing with Chung.

A section of the transcript in which Fasi said he thought the State would try to show that Chung was a "bagman" carrying payoff money from the Kukui developers had been underlined by Cooper or his staff, Brown said.

The Advertiser reported two weeks ago that Chung's name would figure prominently in testimony before the grand jury.

Seven other people besides Brown appeared before the grand jury yesterday, almost all of them City Administration officials who served on a 1970 committee that reviewed development proposals for the Kukui Plaza project.

They included City Managing Director Richard Sharpless, Planning Director Robert Way, former City managing director Paul Devens, Board of Water Supply chief Edward Hirata and City Councilman Kekoa Kaapu.

In 1970 Kaapu was City urban renewal coordinator and served on the selection committee for Kukui Plaza.

Also testifying before the grand jury yesterday were Jack Teehan, Kaapu's assistant in the urban

renewal office, and City Councilman George "Scotty" Koga.

Fasi personally selected Oceanside Properties, Inc., in early 1971 as the firm to develop Kukui Plaza.

But there has been some disagreement among selection committee members as to the basis upon which Fasi made his selection.

Kaapu, a loser in last year's mayoral election and the man who headed for several months a City Council investigation of Kukui Plaza, has said that Fasi overrode a selec-

tion committee recommendation in picking Oceanside for the job.

Other committee members have said they do not recall the events specifically or that the committee made no specific recommendation for a Kukui developer.

Of those who testified yesterday, only Sharpless spoke at any length with reporters afterward.

He said he spent about one hour with the grand jury, testifying about the developer selection process.

Sharpless said he repeated to the

grand jury his recollection that the selection committee only reviewed the pros and cons of each development proposal without recommending a favorite.

The final decision was left to Fasi, according to Sharpless' recollections.

Sharpless also repeated, in his post-grand jury meeting with reporters, his belief that the State investigation is intended solely to damage Fasi politically before the 1978 gubernatorial election.

Hansen indicted, testifies after getting immunity

By JAMES DOOLEY
Advertiser Government Bureau

Kukui Plaza developer Hal J. Hansen was hit with a criminal indictment yesterday by the Oahu grand jury, received immunity from prosecution from the State and spent all day testifying about the Kukui urban renewal project during secret grand jury proceedings.

It was not known what charge or charges were included in the indictment, returned less than an hour after Hansen entered the State Family Court building where the grand jury session was held.

Hansen entered the building shortly after 8:30 a.m., and emerged at 9:25 a.m.

He was then accompanied by a group of State law enforcement officials to the court of Circuit Judge Yoshimi Hayashi, presiding judge of the Oahu grand jury.

There, grand jury foreman Ronald Terayama reported that a true bill of indictment had been returned.

The indictment was secret and no mention of Hansen was made in the brief court proceeding.

But, The Advertiser learned that Hansen was the subject of the indictment.

A grant of immunity from prosecution was then approved by Hayashi during a closed-door meeting in his chambers. In return for the grant of immunity, Hansen is testifying before the grand jury — and, presumably, in any trials if indictments are returned — about possible criminal acts growing out of the urban renewal project and its connections with City Government.

It is believed yesterday's indictment of Hansen was returned as a form of protection for the State in case Hansen later deviates from the terms of the immunity agreement.

Hansen returned to the grand jury room at approximately 10:20 a.m.

Excluding a 90-minute break for lunch, he remained inside until 3:30 p.m. when the session broke up for the day.

The proceedings are expected to resume this morning.

Although subpoenas were issued to a number of other individuals to appear before the grand jury, they were not called.

Hansen was accompanied to and from the proceedings by three State bodyguards.

A handful of State security personnel on loan from the State Capitol building were on hand at the Family Court building yesterday. Reporters were barred from the premises.

State Special Prosecutor Grant B. Cooper and Asst. Atty. Gen. Larty Zenker both participated in the grand jury session yesterday.

Cooper was hired last November when the State began its probe of the '908-unit, City-sponsored condominium project.

Hansen's testimony is believed to center on criminal acts committed

See HANSEN on Page A-13

HONOEULU ADVERTISER
HONOLULU, HAWAII
3/11/77
HOME
PAGE A-13
HANSEN; KUKUI PLAZA

42-898

1917

31

From Page 1

during the development of the project.

Mayor Frank F. Fasi said yesterday his recent televised remarks about possible indictments in the Kukui Plaza matter do not mean he "expects" to be indicted himself.

Instead, Fasi explained, what he meant was that because of the State's attitude toward the case and the general nature of the grand jury system, he would not be surprised if he is indicted.

"I don't expect to be indicted, but it wouldn't surprise me," Fasi said. "With those guys (State prosecutors) anything can happen."

In a speech to the Waikiki Lions Club yesterday, Fasi repeated in strong language his often-held contention that there is nothing for the State to find against him involving the City-sponsored condominium project.

The State has spent hundreds of thousands of dollars, Fasi said, "because, for political reasons, the State hopes it can pin something on me.

Well, I can tell you right now. It can't because there's nothing there."

Hansen and Kukui Plaza are also the subjects of a Federal grand jury investigation which began last November.

That investigation is believed to be nearing completion.

Hansen, former president of the firm that developed Kukui Plaza, Oceanside Properties, Inc., began negotiations with the State early this year on the subject of possible immunity from prosecution.

An agreement between the two

parties was ironed out recently but lacked court approval until yesterday.

Hansen is receiving more than \$1,000 per month in witness fees from the State, drawn from a discretionary fund in Atty. Gen. Ronald Amemiya's office. Amemiya has refused comment on the subject.

Before yesterday's session began, Cooper defended the use of closed grand jury proceedings for the Kukui investigation. He said 95 per cent of the criminal cases in Hawaii

are routed through the grand jury.

City Managing Director Richard Sharpless last week recommended that the State follow a criminal complaint and arrest procedure which allows for proceedings open to the public. Grand jury deliberations are secret.

Cooper declined comment on a Fasi allegation that the State investigation was politically motivated.

Fasi is "free, white and 21 and thank God under the Constitution of the United States, he can say what he wants," Cooper said.

Grand Jury Votes Hansen Indictment

By Russ Lynch

Star-Bulletin Writer

A grand jury today apparently voted for a criminal indictment against Kukui Plaza developer Hal J. Hansen as a prelude to granting him immunity from prosecution.

Hansen, who was president of Oceanside Properties Inc. while it developed the \$50 million City urban renewal project, has been assisting the State's special prosecutor Grant B. Cooper and immunity has been discussed.

Cooper, Hansen, Deputy State Atty. Gen. Larry L. Zenker and Cooper's chief special investigator, Martin D. Plotnick, appeared before a closed door grand jury session this morning.

About an hour after the hearing began, a brief session was held in open court to allow grand jury foreman Ronald Terayama to report a secret indictment.

CIRCUIT JUDGE Yoshimi Hayashi received the indictment and the parties went into his chambers for a private conference.

The indictment was kept secret; no names were mentioned in court. However, a glimpse of the grand jury report indicated it was an indictment against Hansen.

During the City Council's investigation of the Kukui Plaza project, it was disclosed that Hansen may have misused some of the development money.

However, there was no information today as to the subject of the indictment.

It appeared that the State's plan was to get an indictment against Hansen and then use it for plea bargaining purposes.

In the trade-off, Hansen is expected to testify to criminal wrongdoing he saw while the 908-apartment complex, a private development on land provided by the City, was being built.

62-898

1977

HONOLULU STAR-BULLETIN
HONOLULU, HAWAII
3/10/77
HOME
PAGE A1
HAL HANSEN; KUKUI PLAZA

Mayor Frank F. Fasi, although he has declared himself innocent of any illegal conduct, has said he expects to be indicted on charges of taking a kickback from the developer in return for the development rights.

THE STATE BEGAN presenting evidence to the grand jury panel about 8:30 a.m. Cooper, Zenker, Plotnick and a State law clerk, Steve Thomas, walked to the grand jury room in the Family Court building from Cooper's suite of offices on Queen Street.

Shortly after, Hansen arrived by car accompanied by two State bodyguards.

Security was heavy and newsmen were not permitted to enter the building.

Speaking briefly to reporters before the hearing began, Cooper defended the use of the secret grand jury proceedings. "When in Rome you do as the Romans do," he said, adding that 95 per cent of the criminal cases in Hawaii are first prosecuted through a grand jury.

Cooper declined to comment on Fasi's accusation that the State probe is politically motivated, except to say that the mayor is "free, white and 21 and, thank God, under the Constitution of the United States he can say what he wants."

State's Kukui grand jury due in mid-March

By JAMES DOOLEY

Advertiser Government Bureau

The State intends to form a grand jury "about the middle of March" to hear evidence on the City-sponsored Kukui Plaza urban renewal project, The Advertiser learned yesterday.

And there was an indication yesterday that State Atty. Gen. Ronald Amemiya expects the Kukui case to be in the courts for quite some time, since he has asked the Legislature for an extra \$225,000 in his office's budget.

Some or all of that money would go to fund the investigation of the Kukui case, Amemiya indicated.

Word on the impending grand jury action came yesterday from City Managing Director Richard Sharpless, who said he was given the information during a Wednesday meeting with Grant B. Cooper, State special prosecutor.

"I was informed that a grand jury would be formed about the middle of March and that I would probably be called to testify," Sharpless said.

Cooper and Amemiya declined comment on the subject. But a State source confirmed that Amemiya's office "is looking at mid-March as a target date to begin presenting evidence to the grand jury."

The State investigation was begun

in November on the heels of an eight-month City Council inquiry into the controversial condominium-commercial mall project in downtown Honolulu.

Sharpless said that Cooper questioned him for about one hour Wednesday about the original selection process of Oceanside Properties, Inc., as Kukui developer.

Sharpless was chairman of a City Administration committee that screened development proposals for the Kukui project in late 1970.

Mayor Frank F. Fasi personally selected Oceanside as Kukui developer in early 1971.

Sharpless has said in the past that the selection committee did not recommend to Fasi a particular development firm to handle the Kukui contract.

Instead, according to Sharpless' recollections, the committee orally reviewed with Fasi the pros and cons of the various proposals, leaving the final choice solely in Fasi's hands, he told Cooper this week.

City Councilman Kekoa Kaapu has charged that the committee did recommend another developer for the job but that Fasi overrode that

See STATE'S on Page A-4

THE HONOLULU ADVERTISER
HONOLULU, HAWAII
2/19/77
HOME
PAGE A-1, A-4
KUKUI PLAZA

SEARCHED
SERIALIZED

1977

FBI - HONOLULU

State's Kukui inquiry

From Page 1

recommendation and chose Oceanside instead.

Amemiya's request for the additional \$225,000 was delivered to the House Judiciary Committee Thursday evening. The committee approved the request and forwarded it to the House Finance Committee for further consideration.

The funds would be used for the fiscal year beginning July 1.

Amemiya's office already is requesting \$2.3 million from the Legislature to fund his office for fiscal year 1977-78.

There was no mention of the Kukui Plaza investigation in Amemiya's request for funds. But Amemiya told The Advertiser yesterday the extra money may be needed to underwrite the Kukui investigation.

"We don't know how much, if any, will be used for Kukui," Amemiya said.

"We asked for the money to insure that there will be available funds for this office for the fiscal year starting July 1," he said.

Asked why he settled on the figure of \$225,000, Amemiya said: "It's really just a prognostication. We don't know how much will be needed or if there will be a definite need for it at all."

He estimated the cost of the Kukui investigation to date to be "about \$80,000 to \$85,000."

The investigation is headed by Cooper, a Los Angeles criminal lawyer, who is being paid \$500 per day for preparation work and \$750 per day for courtroom work.

Cooper is still negotiating with Hal J. Hansen, former Oceanside president, on the subject of immunity from prosecution in return for Hansen's testimony.

A Federal grand jury investigation of Kukui Plaza, centering on possible Hansen tax liabilities, is underway.

That inquiry was begun in late September and also has shown no results to date.

The various investigations of the Kukui Plaza project were originally sparked by news stories in The Advertiser detailing close financial and political relationships between the project developer and members of Fasi's political organization.

Kamalii Asks 'Godfather' Probe



Kinau Kamalii

By Gregg K. Kakesako
Star-Bulletin Writer

Republican Rep. Kinau Kamalii today called for a House Judiciary Committee investigation into allegations that a member of a State board is the "godfather" of the local syndicate.

Kamalii, R-11th Dist. (Ala Moana-Waikiki), charged at a morning State Capitol news conference that Atty. Gen. Ronald Amemiya is covering up the affair.

State House Speaker James Wakatsuki told reporters a few minutes later that he will not approve a legislative investigation into the charges.

"There are proper authorities where individuals can go to file their complaints," Wakatsuki said.

"I don't think it's the Legislature's function to do that."

Kamalii told reporters in her prepared statement that she was shocked by a report by KHON-TV reporter Scott Shirai on Wednesday.

She said she wrote to Amemiya Friday asking him to find out who the board member is and "the truth or falseness of this charge by Shirai."

IN HER LETTER Kamalii told Amemiya that Shirai said that "several well-known Hawaii residents were also linked (to a drug ring and shooting death) ... though they were never arrested nor linked to the incidents. One owns several restaurants and is said to have bank-rolled the heroin buys."

"Another . . . is also behind the

HONOLULU STAR-BULLETIN
Honolulu, Hawaii
2/9/77
HOME
PAGE A-1, A-4

62 898

WWS

scenes. So, too, is a member of a State board—the so-called 'godfather' of the operations, Kamalii wrote, quoting Shirai.

Kamalii was referring to the arrest of six men last September at Punchbowl by Federal Drug Enforcement Administration agents and the stabbing death of a 33-year-old unemployed masseuse, who had a lengthy local police record of several prostitution arrests. She was found Nov. 18 at Sandy Beach.

Robert Duncan, Gov. George R. Ariyoshi's press secretary, issued a "no comment" today when informed about Kamalii's statements.

Shirai, when contacted by the Star-Bulletin, said that he is willing to testify before the proper authorities about the contents of his story.

Besides calling for a House investigation into the matter, Kamalii yesterday introduced a resolution requesting around-the-clock police protection for Shirai.

KAMALII'S RESOLUTION cites the murder last year of Arizona investigative journalist Don Bolles, who was a victim of a car-bombing, as one of the reasons for the police protection.

In responding to Kamalii's request for a State investigation into Shirai's report, Amemiya said last Friday:

"As you know, the respective police departments of the counties have the primary responsibility of investigating alleged criminal activities."

"For this reason, we are forwarding the attached (Shirai's television

script) to the Honolulu Police Department for their review and action.

"In your letter, you state that this office (attorney general) should take action because of the allegation that a member of a State board is involved in the recently reported drug case.

"WE FEEL THAT this matter should not be treated any differently from other alleged criminal activities because membership on a State board is only incidental to any criminal offenses that may have been committed."

Kamalii characterized Amemiya's response as a "copout."

"Our State attorney general is saying that he has no interest in

Turn to Page A-4, Col. 1

'Godfather'

Inquiry

Demanded

Continued from Page One

investigating a charge that one of the Governor's appointees and a State board member is not only a member of a drug ring, but that he is the 'godfather' of the entire operation.

"If the same charge was brought against a board member on one of the City & County of Honolulu boards appointed by Mayor Frank Fasi, would the attorney general still feel that it was a City matter?

"Obviously not, since he is spending taxpayers' money at the rate of \$500 a day to investigate the Kukui Plaza, which at this point nobody seems to have jurisdiction over—City, State or federal."

SHE SAID THAT Amemiya should do "a little housecleaning on his own, instead of spending our funds and energies, fighting political battles against the Mayor of Honolulu."

In his Feb. 2 report Shirai alleged that there was a connection between the slaying of the 33-year-old woman found at Sandy Beach and the drug arrest of a former policeman, a professional wrestler, a Waikiki businessman and a contractor who was later shot to death.

Kamalii said she wants the House Judiciary Committee, chaired by Democrat Richard Garcia, to subpoena Shirai and "all relevant records in his possession" and order him to testify at the earliest date before the committee.

SHE SAID STATE law empowers House Speaker James Wakatsuki to confer these special subpoena powers upon any standing committee.

Kamalii made her request in a resolution.

In 1972, the House and Senate Judiciary committees subpoenaed then-U.S. Atty. Robert K. Fukuda to substantiate his charges that certain unnamed legislators were controlled by Hawaii's organized crime ring.

However, Fukuda refused to produce the requested evidence because he said his superiors at the U.S. Justice Department would not permit it.

Zbin given immunity for Kukui testimony

By JAMES DOOLEY
Advertiser Government Bureau

Joseph Zbin, a key figure in the controversy surrounding the Kukui Plaza housing development, was granted immunity from prosecution earlier this week by the Federal grand jury and is in line for immunity on the State level, it was learned yesterday.

Zbin, former vice president of the firm that developed Kukui Plaza in conjunction with the City, received the immunity during a Tuesday morning appearance before the Federal grand jury, a source close to the investigation said yesterday.

U.S. Atty. Harold Fong could not be reached for comment on the matter last night.

Grant Cooper, special State deputy attorney general in charge of the State's investigation of Kukui Plaza, told The Advertiser he has "considered recommending to the (State) court that immunity be granted Mr. Zbin and as a matter of fact probably will make that recommendation."

Cooper said he has made no move to seek immunity for Zbin and has not made a final determination on the matter.

"I can't grant immunity myself. Only the court can and it has to have good reason to do so," Cooper said.

Immunity from prosecution is granted in cases possibly involving criminality where testimony from one principal may be crucial to convicting others. The immunity forces him to testify (because he cannot claim Fifth Amendment protections against self-incrimination) and encourages full cooperation.

Immunity from prosecution, according to Cooper's words, "merely means

THE HONOLULU ADVERTISER
HONOLULU, HAWAII
12/16/76
HOME
PAGE A-1, A4
62-898

62-898

DEC 16 1976

FBI - HONOLULU

the recipients will not be prosecuted for those misdeeds which they testify about; but only if they tell the truth.

"If they lie, they lose their immunity," Cooper said.

Zbin served as executive vice president of Kukui developer Ocean-side Properties, Inc., some five years before he was fired by the board of directors this past February.

The board said Zbin was fired because he did not support and did not have the confidence of then-corporate president Hal J. Hansen Jr.

Hansen himself resigned as Ocean-side president in late April, saying his departure was for the good of the company in the wake of adverse publicity generated about the \$50 million condominium-commercial mall project.

Hansen is the subject of an Internal Revenue Service tax liability investigation which is part of the overall Federal grand jury inquiry into Kukui Plaza.

In another development, Mayor Frank F. Fasi said in a KGMB-TV news broadcast last night he consid-

See IMMUNITY on Page A-4

Immunity granted to Zbin

From Page 1

ers the State's handling of the Kukui Plaza investigation "an abuse of justice."

Fasi said he believes that Cooper, a Los Angeles criminal attorney, was brought to Hawaii by the State Government specifically to try to link the Mayor with any possible Kukui-related criminal acts.

Fasi termed the State's activities

"the use of government offices for political purposes."

Cooper declined comment on Fasi's charges.

The City Council has yet to complete its investigation of the Kukui Plaza project, an investigation begun in April.

Zbin and another former Ocean-side employee, Eleanore Shinno, each appeared several times before the Council to testify on Kukui-related subjects.

Council's Kukui

guard firm sued

The State charged yesterday in a lawsuit against the Hawaiian Assistance Ass'n. that it provided guard services for City Council Kukui Plaza witnesses without a State license. Civil penalties should be assessed, the suit said.

The suit was filed in Circuit Court by the State Office of Consumer Protection.

The firm, which was incorporated

in September after Mayor Frank Fasi said the City would never pay the company, reportedly includes persons with past connections with the underworld.

Last week, the City Council voted 5-4 to authorize payment of \$191,060 to Hawaiian. The firm had submitted a bill for \$289,000 for its services for witnesses in the City Council's Kukui Plaza investigation.

The lawsuit charges that the firm provided guard services for three witnesses — Joseph Zbin, Eleanore Shingo and Stamatis Mertyris — from May to October without obtaining a license to operate as a guard agency as required by State law.

An affidavit by a State Department of Regulatory Agencies employee filed with the suit said he searched official records and could

not find a guard license for the firm. The suit asks for a \$2,500 civil penalty for each violation of State law requiring guard firms to have a license.

It also asks that Hawaiian be prohibited from providing guard service without a State license.

In addition to the firm, named as defendants are Ati So'o, Sherwin K. Fellezs, Francis S. Key and Larry Weinstock, officers of the company.

THE HONOLULU ADVERTISER
HONOLULU, HAWAII
12/14/76
HOME
PAGE A-1
62-898

62-898

SEARCHED	INDEXED
SERIALIZED	FILED
DEC 14 1976	
FBI - HONOLULU	

Oceanside chief urges end of firm

By JAMES DOOLEY
Advertiser Government Bureau

The president of Oceanside Properties, Inc., has recommended that the company — developer of the Kukui Plaza project — be dissolved.

In a letter mailed this weekend to company stockholders and creditors, accompanied by a new audit of the firm, Oceanside president, John T. Goss painted a grim picture of the company's financial future.

The package of information will be received by creditors just in time for an annual corporate meeting scheduled for tomorrow afternoon.

"My recommendation to you regarding future operations of Oceanside is that, at the proper time or times, all the various assets of Oceanside be converted to cash," Goss wrote.

The proceeds of liquidation would be distributed to creditors on a pro rata basis, Goss said.

More than 200 creditors, including some persons who reportedly invested much of their life savings in the company, have been waiting since 1969 for payment from Oceanside.

Under supervision of Federal Court, the company completed corporate reorganization in that year to avoid bankruptcy.

The amount owed to creditors, including interest since 1969, is slightly more than \$4 million.

"The forecast of profit from all operations when the Kukui Plaza is sold out shows a total profit before taxes of \$400,000," Goss said in his letter.

"The assumptions in the forecast are numerous and, of course, are in most cases beyond management's control.

"A reasonably prudent person, at this time, should not assume any return of funds."

The audit, prepared by the accounting firm of Maskins and Sells, showed Oceanside to be \$3.95 million in the red as of Aug. 31 of this year.

"The company has accumulated a substantial deficit and there is considerable doubt as to whether internally-generated funds will be sufficient to meet the company's future working capital needs," the auditors wrote in a cover letter to their report.

"Continuation of the business as a going concern is dependent upon successful completion and sale of the company's principal project (Kukui Plaza), the construction fender not filing foreclosure proceedings, and the ability of the company to achieve profitable operations and to obtain sufficient working capital as might be required," they wrote.

According to the audit figures, Oceanside as of Aug. 31 still owed

See CALL on Page A-4

THE HONOLULU ADVERTISER
HONOLULU, HAWAII
12/14/76
PAGE A-1, A-4
HOME
62-898

62-898

SEARCHED	INDEXED
SERIALIZED	FILED
DEC 14 1976	
FBI - HONOLULU	

62-898

Call it quits, Oceanside chief asks

From Page 1

\$16.7 million in principal and interest on its Kukui Plaza construction loan from Bankers Trust of New York.

In addition, the company was also in default on payments on another \$500,000 loan from the same institution.

"While the lender has not filed foreclosure proceedings, it has not waived its right to do so," the auditors noted.

Goss said in his letter: "Even though Oceanside is in default of the repayment terms to the interim lender, Bankers Trust Co. has continued to fund Oceanside and has shown no inclination to change its policy as long as satisfactory progress is maintained toward selling out the project."

Still up for sale at the City-sponsored urban renewal project are "approximately 150 apartments, commercial space and parking stalls," Goss said.

Despite "extreme adverse publicity concerning the project, Goss said in his letter, "sales have continued at a rate better than most

projects in Hawaii. The project is a good one."

"Although the prime objective of Oceanside is to propitiously sell out the project, incumbent also is the recovery of all assets which may have been improperly or illegally used," Goss said.

"In addition," he wrote, "there are several areas where legal action may be instituted by Oceanside to recover damages caused by others through failure to complete contracts according to specifications, breach of fiduciary responsibilities, illegal acts and issuance of invalid contracts."

Any such action "will be taken as finances and evidence prudently allow," he said.

Goss took over as Oceanside president in late April after the resignation of Hal J. Hansen Jr., company founder and holder of all Oceanside common stock.

Oceanside said at the time that Hansen's resignation was precipitated by adverse publicity.

It was later learned, however, that Hansen resigned after telling the board that he had used some \$127,000 in corporate funds without authorization.

Hansen paid the money back to Oceanside in late July.

The \$127,000 was mentioned by the auditor's in their analysis of Oceanside's finances.

"The document which contains the details of the repayment was given to a third party for secrecy as condition for repayment," the auditors wrote.

Council OKs \$191,060 pay for Kukui guards

The City Council voted 5-4 yesterday evening to authorize payment of \$191,060 to Hawaiian Assistance, the firm that protected three Kukui Plaza witnesses from May through August.

The firm, some principals of which have past connections with the Honolulu underworld, had billed the Council \$289,000 for services rendered.

A contract between Hawaiian Assistance and the Council was never drawn up. The firm was not licensed by the State to provide guard services and was incorporated after Mayor Frank F. Fasi said in a press conference Sept. 3 that the Administration would never allow any payment of City money to Hawaiian Assistance.

Voting against the payment authorization last night were Council members Rudy Pacarro, Daniel Clement, Toraki Matsumoto and Frank Loo.

Pacarro said he felt the firm should be paid by the City but that he was not sure yesterday's action was legally proper.

The authorization, submitted by Councilman Kekoa Kaapu, former head of the Council Kukui Plaza investigating committee and the man who retained Hawaiian Assistance, came in the form of an oral report rather than a written resolution.

By voting 5-4 in favor of Kaapu's suggestion, Council members authorized the Council chairman to submit the bill to the City Finance Department for payment.

The funds would come from the Council's budget but must be disbursed by the Administration.

Yesterday's authorization knocked almost \$100,000 from the total bill submitted by Hawaiian Assistance.

Council members and other City officials told The Advertiser previously the requested payment above the \$191,060 represented charges for "executive salaries and overhead" which the Council felt should have been covered by the flat \$10 per hour charge.

HONOLULU ADVERTISER
HONOLULU, HAWAII
12/8/76
PAGE A-7
HOME
62-898

62-898

SEARCHED	INDEXED
SERIALIZED	FILED
DEC 10 1976	
FBI - HONOLULU	

UNITED STATES GOVERNMENT

Memorandum

TO : FILE (62-898)

DATE: 12/7/76

FROM : SAC, HONOLULU

SUBJECT: POLITICAL CONDITIONS
CITY AND COUNTY OF HONOLULU
HONOLULU DIVISION

At approximately 1:25 p.m., 12/7/76, following my lunch at Rotary, I met [redacted] who introduced me to Los Angeles attorney GRANT COOPER. COOPER was hired recently by State Attorney General RONALD AMEMIYA as a special prosecutor to handle the controversial Kukui Plaza case.

Following the introduction [redacted] mentioned to me that COOPER would like to meet with me to discuss Kukui Plaza. I told [redacted] that there would be no point in my meeting with COOPER as this office was not involved in Kukui Plaza, nor did I have any information or know anything concerning the matter and I did not want to become involved at this point in time. Thereafter [redacted] departed with attorney COOPER.

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The above is submitted for information of the file.

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7/1)



62-898

SEARCHED	INDEXED
SERIALIZED	FILED
DEC 11 1976	
FBI - HONOLULU	

1/2

Cooper hiring illegal, City charges

By JAMES DOOLEY
Advertiser Government Bureau

Los Angeles attorney Grant Cooper is too old, paid too much and is otherwise legally unqualified to handle the Kukui Plaza case for the State, City attorneys argued in court yesterday.

The arguments came during a hearing before Circuit Judge Walter M. Heen on a City motion to enjoin Cooper from investigating or prosecuting the Kukui Plaza case.

Cooper was hired recently by State Atty. Gen. Ronald Amemiya as a special deputy attorney general to

handle the controversial Kukui matter.

City Deputy Prosecutor Randolph Slaton said in court that Cooper, 73, is beyond the mandatory retirement age of 70 for State employees.

He also said that Cooper's salary — \$500 per day for preparation work and \$750 per day in court — takes him beyond the salaries of other deputies in the Attorney General's Office and is therefore illegal.

Slaton also questioned whether Cooper's record of two contempt of court citations in California, involving grand jury proceedings, might

not taint any involvement with the Oahu grand jury here.

He said the City Prosecutor's Office has asked the Disciplinary Council of the State Supreme Court for an opinion on the last question.

Slaton additionally argued that Cooper is not licensed to practice law in Hawaii and, most importantly, that Amemiya is not legally empowered to hire Cooper.

Amemiya was subpoenaed to testify during yesterday's hearing and reportedly was on hand when the hearing opened.

However, after Heen heard argu-

HONOLULU ADVERTISER
HONOLULU, HAWAII
11/17/76
HOME
PAGE A-1
69-898

69-898

SEARCHED	INDEXED
SERIALIZED	
NOV 17 1976	
FBI - HONOLULU	

ments on the matter and ruled that Amemiya should testify, the attorney general was no longer in the building.

Heen continued the hearing until 8:30 tomorrow morning. Cooper also will be called on to testify tomorrow. Slaton said that his office had attempted to subpoena Cooper to testify yesterday but could not locate him.

Deputy Atty. Gen. Larry Zenker, representing the State, argued that the only question before the court yesterday was whether Amemiya has the legal authority to hire Cooper.

Questions regarding Cooper's qualifications to handle the Kukui case should be answered by the Supreme Court Disciplinary Council, he said.

Heen disagreed, saying he did not want to have any possible grand jury proceedings involving Cooper either tainted or quashed by a subsequent adverse finding by the Disciplinary Council.

Yesterday's hearing was the latest round in an ongoing legal struggle between the City and State over jurisdiction in the Kukui Plaza case.

Heen last week enjoined Sapienza from presenting Kukui evidence to the Oahu grand jury because of the possible appearance of a conflict of interest.

In handing down that ruling, Heen upheld an earlier move by Amemiya to supersede Sapienza's authority as prosecutor to handle the Kukui case.

The City is appealing that Heen ruling to the Supreme Court.

At the start of yesterday's hearing, Heen turned down a City motion to disqualify himself from the case because of "hostility" towards Mayor Frank F. Fasi.

In an earlier Kukui-related case, Heen disqualified himself, citing an appearance of a conflict of interest given his background as a former city councilman frequently at political loggerheads with Fasi.

In last week's case, however, Heen rejected a motion by the City for personal disqualification by saying that the legal issues involved were different.

A Federal grand jury investigation into the project began last month and is expected to last at least six months.

Why Cooper took on Kukui

prosecution

By GERALD KATO
and JAMES DOOLEY

Advertiser Government Bureau

Attorney Grant Cooper took the job of Kukui Plaza special prosecutor "for two reasons: because it was in Hawaii and it looked like a very interesting challenge."

The white-haired, outgoing, 73-year-old criminal trial lawyer spent his first day on the job yesterday in briefing at the State Capitol.

He arrived in Hawaii from his home base of Los Angeles Wednesday.

Cooper was appointed special prosecutor by State Atty. Gen. Ron-

ald Amemiya last week, an appointment which City Prosecutor Maurice Sapienza contends is illegal.

Cooper said yesterday Sapienza's objections to his employment by the State "are not part of my concerns; those things will be handled in court by Mr. Amemiya's office."

He said he realized the Kukui Plaza case is a controversial and politically charged one.

"But there's politics involved in just about everything," he said.

And Cooper is no stranger to controversy himself.

He defended Sirhan Sirhan in one of the most famous murder cases of this century—Sirhan was convicted

of assassinating Robert Kennedy in Los Angeles in 1968.

Earlier in that decade, Cooper handled another highly publicized murder trial in the Los Angeles area, defending Dr. Bernard Finch.

And in the late 1930s and early 40s Cooper was a crusading young assistant district attorney in Los Angeles, a city he said yesterday was controlled at that time by a criminal syndicate.

Cooper had little to say about the Kukui matter yesterday, except to note that he has "a great deal of information to absorb in the next few weeks."

But he did reminisce about past cases.

On the Sirhan case, Cooper said he was recommended for the job by the chief counsel for the American Civil Liberties Union.

He took the job without pay.

"It was a challenge."

"To begin with, I never had any hopes or expectations of acquittal. My only purpose was to try to save his life."

According to Cooper, the prosecutor was willing to allow a plea of guilty to a charge of first-degree murder, with punishment of life imprisonment instead of the death

penalty, then enforceable in California.

Cooper said he and Sirhan agreed to the pleading.

"But the judge said no. He felt the case was of such importance that it should go before a jury, have all the information publicly aired."

The case did go to a jury and Sirhan was given the death penalty, a punishment later ruled unconstitutional by the U.S. Supreme Court.

Sirhan is currently in a California prison.

"I liked the little guy," Cooper said of his client.

"I really did. One of the things I

See KUKUI on Page A-7

THE HONOLULU ADVERTISER
HONOLULU, HAWAII
11/12/76
HOME
PAGE A1, A7
62-898

62-898

SEARCHED	INDEXED
SERIALIZED	FILED
NOV 13 1976	
FBI - HONOLULU	

Kukui a 'challenge' to Cooper

From Page 1

did in the beginning was find out if there were any confederates or someone else involved in it with him. I pointed out if he was convicted he might be able to make a deal . . . he swore up and down he didn't have confederates. And he didn't want to die, I can tell you that."

On speculation that a second gun other than Sirhan's was involved in the assassination, Cooper said: "The experts have ruled it out. Hell, if anyone knew there was a second gun, Sirhan would have and he never told me about it."

Cooper defended Finch in two of the three trials of that marathon murder case.

The first two trials—in which Cooper acted as defense attorney—ended in hung juries. A colleague handled the third, which ended in Finch's conviction.

During the second trial, Cooper was found in contempt of court when he objected to the judge's statements to the jury.

Cooper was fined \$500 but the California Supreme Court overturned the contempt citation later.

Shortly before taking the Sirhan case, Cooper found himself in more hot water.

Defending a client against card-cheating charges, Cooper obtained access to partial grand jury transcripts involved in the case, transcripts which defense attorneys were prohibited from seeing.

A prosecution attorney learned that Cooper had the transcripts and

Cooper was confronted in the judge's chambers.

He denied knowing about or possessing the transcripts. "I didn't tell the truth," he said yesterday.

"I wish I hadn't done it. It was a mistake, one of those spur-of-the-moment things."

Cooper pleaded guilty to contempt charges, was fined \$2,000 and was reproved by the California Bar Association.

"I know I'm not perfect. But you show me a guy who hasn't made any mistakes and I'll show you a guy who hasn't done anything."

Cooper said he is not overly concerned by the ongoing State-City legal skirmishes over jurisdiction in the Kukui case.

Nor do the corresponding political overtones to the case bother him.

"If politics motivates an investigation, I see nothing wrong with that provided they're moving into a territory where they think there's something wrong."

"If somebody moves into a territory to smear somebody, that's wrong."

He said he hopes to "clear the atmosphere in the Kukui Plaza case."

"If I don't find a basis for a case, I'll go back home. If there is a basis, people will be prosecuted."

In recent years, Cooper has cut down his caseload, representing "about seven or eight" clients a year now, he said.

He'll never give up law completely, though.

"I'll try cases until the day I die. I'd go nuts sitting at home."



Grant B. Cooper
"Sirhan was a challenge"

Kukui prosecutor challenged

By KEN KOBAYASHI
and JAMES DOOLEY
Advertiser Staff Writers

City Prosecutor Maurice Sapienza is preparing a challenge to State Atty. Gen. Ronald Amemiya's authority to select a special prosecutor in the Kukui Plaza case.

A hearing was set for 1:30 p.m. Monday in Circuit Court.

Sapienza, who is expected to file the challenge today, wants to restrain Amemiya's appointee, attorney Grant B. Cooper, from handling Kukui Plaza prosecution.

Amemiya last week named Cooper as the special prosecutor under a six-month contract.

Cooper, a Los Angeles criminal attorney, handled defenses of Sirhan Sirhan and Dr. Bernard Finch.

He is expected to arrive in Honolulu today.

Shortly after the announcement of the appointment, Sapienza called the selection "both improper and illegal."

Sapienza's office attempted to go to the Oahu grand jury on a Kukui-related case last month, but was halted by a court order issued by Circuit Judge Walter Heen.

Amemiya had requested that order.

Heen is expected to issue a decision today as to whether that order should be extended.

At City Hall, Councilman Wilbert "Sandy" Holck said the City Council's Kukui Plaza investigative committee has not concluded its work although five committee staff members moved yesterday from the City to the State payroll to help in Cooper's investigation.

The five staffers' Council contracts expired Monday, but they have been hired by the State Attorney General's Office, which also hired Cooper.

Holck, head of the Council's Kukui committee, told reporters yesterday that the Council committee may hold one more investigative hearing to hear testimony from Hal J. Hansen

HONOLULU ADVERTISER
HONOLULU, HAWAII
11/10/76
PAGE A-1
HOME
62-898

62-898

SEARCHED	INDEXED
SERIALIZED	FILED
NOV 10 1976	
FBI - HONOLULU	

Jr., former president of the firm that developed Kukui Plaza in conjunction with the City.

Whether another Council Kukui hearing will be held, however, "depends on the feelings of the special prosecutor," Holck said.

"I don't want to jeopardize his work in any way."

Holck said he understood that Cooper hopes to "immediately" start presentation of evidence before the Oahu grand jury.

He said that if the Council does hold any more investigative hearings, the staff members who moved over to the Attorney General's office will be able to assist.

In the meantime, he said, the private law firm which has represented the Council ~~investigative committee~~ will continue to work, primarily in the area of drawing up proposed remedial legislation designed to prevent recurrence of Kukui problems.

They will be working with attorneys in the Office of Council Services and with an attorney-lobbyist assigned to the Council Intergovernmental Relations Committee which Holck also chairs, he said.

Kukui Plaza is a \$50 million, condominium-commercial mall urban renewal project built by Oceanside Properties, Inc., on City-owned land at the top of Fort Street Mall in downtown Honolulu.

Special prosecutor defends record

By GERALD KATO

Advertiser Government Bureau

The Los Angeles attorney who was appointed Kukui Plaza special prosecutor said last night that he is "not ashamed" of pleading guilty to two counts of contempt of court in 1969 and paying a fine of \$1,000 for the unlawful possession of secret Federal grand jury transcripts.

Attorney Grant B. Cooper made the comment after it was revealed that he and another Los Angeles attorney pleaded guilty to the charges stemming from a Beverly Hills card-cheating trial.

In a telephone interview, Cooper said he explained what the charges were about to State Atty. Gen. Ron-

ald Amemiya, who made the appointment.

Amemiya said last night: "As far as I'm concerned, what he was fined for did not relate in any way to his integrity or character."

Cooper, 73, a veteran trial lawyer and former president of the California Bar Association, said he is prepared to explain the matter fully when he arrives in Honolulu tomorrow. There's nothing to hide, and he won't let opponents of his appointment "draw a red herring across the trail," Cooper said.

According to newspaper and wire services accounts, Cooper and another attorney pleaded guilty in August 1969 to charges of "obtaining, pos-

sessing and using" a transcript of secret Federal grand jury testimony in a 1968 case of four men convicted of cheating persons through rigged card games.

The transcripts apparently dealt with victims in the Beverly Hills Club, some of whom were motion picture stars. During the trial, the documents were found on the defense table, these accounts said.

The accounts add that Cooper admitted that he earlier did not tell the truth when he said he found the transcripts on a courtroom table. Cooper said he would be breaching the attorney-client privilege if he divulged where he got the documents, according to the news accounts.

When the Federal judge in the case asked Cooper if he was aware of the penalty that could be imposed, Cooper is quoted as saying: "I'm thoroughly familiar with the punishment, Your Honor. I can be imprisoned as long as the court desires and fined with no limit."

As it turned out, Cooper was fined \$1,000. The judge reportedly said the offense would be treated as a misdemeanor not involving moral turpitude.

Cooper's client in the card-cheating case and other defendants in the trial were convicted and given prison sentences.

Cooper, a famed criminal lawyer who defended Sirhan Sirhan, con-

victed murderer of Sen. Robert Kennedy, has been in the center of other courtroom controversy. In 1960, he was fined \$500 for two counts of contempt of court stemming from the trial of Dr. Bernard Finch, a Los Angeles physician accused of murdering his wife.

In the Finch trial, Cooper reportedly leaped to his feet in court to protest statements being made by the judge on the credibility of testimony given by Finch. When he was fined, the president of the California Bar at that time showed up in court in support of Cooper, and reportedly

See COOPER on Page A-4

HONOLULU ADVERTISER
HONOLULU, HAWAII
11/9/76
PAGE A-4
HOME
62-898

62-898

SEARCHED	INDEXED
SERIALIZED	
NOV 11 1976	
FBI - HONOLULU	

Cooper defends record

From Page 1

said the contempt citations were an "outrage".

Cooper told The Advertiser last night that the contempt citations in 1969 will not hinder him as special prosecutor. "Why should it? It hasn't hindered me the last seven years," Cooper said.

The trial lawyer said he would come to Hawaii to do a job "forthrightly and openly."

Cooper was selected for the job after Amemiya said he consulted with former Watergate special prosecutor Leon Jaworski and California Atty. Gen. Evelle Younger. Both men "highly recommended" Cooper. Amemiya said after the appointment last week.

Cooper indicated that he is well aware that the Kukui Plaza probe has sensitive political overtones, and in such a situation you "fight fire with fire."

"They can attack all they want," Cooper said of anyone seeking to challenge his integrity. "I'm going over there to do my job and not spend time defending myself. What's that got to do with the issues?"

The City Council has been investigating the Kukui Plaza redevelopment project for the past six months. The investigation began in

the wake of news stories in The Advertiser detailing financial concessions granted the developer by the City and business dealings between the developer and members of Mayor Frank F. Fasi's campaign organization.

Kukui hearing

3 Chungs testify in rebuttal

By JAMES DOOLEY
Advertiser Government Bureau

In what may have been the last City Council hearing in the Kukui Plaza investigation, Harry C.C. Chung, his brothers and a business associate yesterday rebutted previous testimony by saying:

• Oceanside Properties, Inc., Kukui developer, was not overcharged one cent for carpeting installed in 1974 at a temporary Kukui sales office at Honolulu International Center.

• After the sales office had been dismantled, some of the used carpeting was installed at a Young Street hostess bar free of charge, "as a favor" to former Oceanside vice president Joe Zbin, a key witness in the Council's investigation into Kukui.

• Three checks totaling \$70,000 from Harry Chung's furniture firm to former Oceanside president Hal J. Hansen between mid-1975 and February 1976 were personal loans.

Council attorneys said after the hearing that investigative staff members have revised downwards from \$5,000 to \$1,000 their estimates of possible overcharge to Oceanside for carpeting at the H.I.C., which is now Blaisdell Center.

However, Ronald C.U. Chung, officer of 20th Century Furniture, the Chung family firm, and carpeting subcontractor Stephen B.K. Moon testified at length yesterday and presented documents they said accounted for "every cent" and every

"square inch" of carpeting at the H.I.C.

Attorney Bert Tokairin, representing the Chungs, conducted the initial questioning at yesterday's hearing, which was held at the request of Tokairin's clients to rebut testimony delivered in late September by committee staffers.

Tokairin said the committee investigators made "serious allegations" concerning his clients based on incomplete information.

"The staff report was erroneous. I find it difficult to brush this aside by saying they (the staff) did the best they could under the circumstances," Tokairin said.

Attorney Brook Hart, the chief lawyer representing the investigative committee, said there had been "less than full compliance" from Tokairin's clients on subpoenas issued to them "as long ago as last spring."

"The original information about the H.I.C. was gained from interviews with personnel there. If we had had more cooperation (from others) this confusion might have been avoided," Hart told Tokairin.

Ronald Chung also told the Council that Oceanside had never been billed for some 37 square yards of carpeting delivered and installed in 1974 at Rainbow Golf Supply, a firm owned at the time by Matt Espiondo, then City auditorium's director.

Documents introduced as evidence See CHUNGS on Page A-4

62-898

INDEXED

FILED

1976

FBI - HONOLULU

15

Chungs testify in rebuttal

From Page 1

in the September hearings indicated that Oceanside had paid for the carpeting.

Chung said Oceanside's name appeared on the documents only as a means of giving Esposito, whom he described as "a friend," a discount on the price of the carpeting.

Oceanside was paying a discount rate on the carpeting it purchased through 20th Century because of the volume of the purchases.

Chung said Mike Gallichio, operator of the carpet wholesaling firm 20th Century did business with, suggested that Oceanside's rate be charged to Esposito.

That was why Oceanside's name appeared on the purchase orders and invoices concerning the work, Chung said.

He added that through an oversight, neither Rainbow nor Oceanside had ever been billed for the carpet.

Chung said he discovered the error only when the Kukui investigation got under way.

"Since it was brought to my attention, you can be assured, gentlemen, that they (Rainbow) will be billed," Chung told the Council.

Another Chung brother, Richard, then took the stand and acknowledged that some of the H.I.C. carpeting was installed last year at Venus Lounge, a Young Street hostess bar owned by a close friend of Esposito's, Myong Soon "Naomi" Han.

But Chung and Moon, who removed the carpet from the H.I.C., stored it and later installed it at Venus Lounge, both said the carpet "had no commercial value."

Chung said Joe Zbin, then Oceanside vice president, called him and asked "as a favor" that the carpeting be removed and that whatever could be saved for reuse be put in storage.

Chung said he then prevailed upon Moon to do a personal favor and remove the H.I.C. carpeting and store whatever of it was salvageable.

Some time later, Chung said, "Joe Zbin came back to see me and asked could I do him another favor and install the carpet at Venus Lounge," Chung testified under oath.

"I went back to Steve (Moon) and asked as a favor to me to lay it there and as a favor to me he did it."

Moon said he did the work free of charge but only after "considerable complaining" because handling used carpet remnants was a difficult job about "three times more expensive than handling new carpet."

Both men said they never talked to Esposito, Han or Oceanside president Hansen about the Venus Lounge work.

Moon estimated the value of labor his men put in to install the Venus carpeting at more than \$700.

Harry Chung, who stepped down earlier this year as Mayor Frank F. Fasi's chief political fund-raiser, then took the witness stand.

He said that three 20th Century checks for \$25,000, \$25,000 and \$20,000 made out to Hansen personally between August 1975 and February 1976 were "personal loans."

Promissory notes were issued for the loans in January or February of this year, after Chung mentioned the transactions to his brother William, 20th Century president, he said.

Under a \$1.3 million contract with Oceanside, 20th Century supplied all furniture, carpeting and draperies for the City-sponsored Kukui urban renewal project.

When one partial payment for that work came in to 20th Century in August 1975, Hansen "asked me for a loan because he was short of cash," Chung said.

The amount Hansen asked for was \$25,000.

"I thought there was nothing to it and I told my comptroller to make it (the check) out," Chung testified.

The next month, Hansen asked for and received an additional \$25,000 loan, Chung told the Council.

Financial records show that on the same day Hansen received that second loan, he made out two checks to Harry Chung personally, totaling \$25,000.

Chung said yesterday those checks were repayment for the first loan.

"I told him to make the check(s) out to me, I would use it and credit his (loan) account later," Chung said.

He testified that the first loan is now considered repaid, but that the

second \$25,000 and another \$20,000 loan made in January 1976 are still outstanding.

Hansen is being charged 12 per cent interest on the two notes, Chung said.

He said Hansen "assured" him that "when the (Kukui) project was finished he would pay me back."

Hansen resigned in late April of this year as Oceanside president after admitting to the board of directors that he had used some \$127,000 in corporate funds without authorization.

Hansen, who founded Oceanside in the 1960s, was earning some \$28,000

as company president at the time of his resignation.

Chung said he was not told and did not ask why Hansen needed the money.

Council investigators revealed the existence of the Chung-Hansen checks during a special Saturday hearing on Kukui on Sept. 25.

Tokairin said that hearing and subsequent news stories concerning the checks did his clients "irreparable damage."

He said that "if the investigators had waited to meet with my people (concerning the checks) this would never have come out."



Advertiser photos by Charles Okamura

Harry C.C. Chung: Fasi's former fund-raiser testifies



Stephen B.K. Moon
Subcontractor shows documents



Ronald C.U. Chung
"Every cent" accounted for



Richard Chung
"No commercial value"

(Mount Clipping in Space Below)

Cooper promises full Kukui probe

By GERALD KATO
Advertiser Government Bureau

Los Angeles attorney Grant B Cooper said his first premise in investigating the Kukui Plaza situation is that "all persons suspected of committing any crimes are innocent."

But the 73-year-old attorney said he's prepared to do a thorough investigation, and, if there's enough evidence, prosecute "fully and fairly."

That will be his job as the Kukui Plaza, special prosecutor, the noted California trial lawyer told The Advertiser in a telephone interview yesterday. State Atty Gen Ronald Amemiya Wednesday appointed Cooper to investigate the City-sponsored urban redevelopment project.

City Prosecutor Maurice Sapienza has threatened court action to block the appointment claiming it is "improper and illegal."

Nonetheless, Cooper is tying up loose ends in his Los Angeles office to come to Hawaii next Wednesday with his wife Phyllis, who also is an attorney.

Amemiya spoke to Cooper Sunday in Los Angeles after former Water-

gate special prosecutor Leon Jaworski recommended Cooper for the job.

Cooper said he's never been a special prosecutor, although he has had a distinguished career that included six years in the Los Angeles Los Angeles County district attorney's office fighting crime. More recently, he was the chief defense attorney for Sirhan Sirhan, convicted murderer of Sen Robert F. Kennedy.

Cooper said the first thing he plans to do in Honolulu is familiarize himself with the situation and with his staff.

In pursuing this matter, Cooper said: "I have complete independence. Otherwise, I wouldn't have taken the job."

What if attempts are made to sway his judgment? he was asked. "It won't make any difference, they won't get anywhere," he said.

To put the matter in a nutshell, Cooper said:

"I'm a lawyer and have practiced almost 50 years next year. I have prosecuted and I have defended. I'm going over there with the premise that all persons suspected of committing any crimes are innocent."

(Indicate page, name of newspaper, city and state.)

HONOLULU ADVERTISER
 HONOLULU, HAWAII

PAGE A-8

✓
 4/15/76

75

11/5/76

Date:

Edition:

Author:

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Title: POLITICAL CONDITIONS - CITY AND COUNTY OF HONOLULU

Character:

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Classification: 62-898
 Submitting Office: HONOLULU

Being Investigated

62-898

75

"I will examine whatever evidence we have and determine whether there's any evidence to prove anyone guilty beyond a reasonable doubt with what we have. If there's not enough, an attempt will be made — if justified — to see if sufficient evidence can be obtained to make a case."

After thorough investigation, Coop-

er said he either finds people innocent, or makes a case against them. If there's no evidence, Cooper said he will "pack up my tent and come home." If the evidence is there, Cooper said he will "prosecute it fully and fairly."

Assisting him will be his wife, who Cooper describes as "a lovely lady and a good lawyer."

The City Council has been investigating the Kukui Plaza project for the past six months. That investigation began in the wake of news stories in The Advertiser detailing financial concessions granted the Kukui developer by the City and business dealings between the developer and members of the Fasi campaign organization.



Grant Cooper
Special prosecutor

(Mount Clipping in Space Below)

The Kukui prosecutor

Like other aspects of the Kukui Plaza controversy, the State Attorney General's plan to hire a special prosecutor may itself end up in court.

But it is essentially a good move, first to get a special prosecutor, and second to get a respected and highly experienced figure from beyond the local political scene.

THERE IS some surprise at the size of the fee the State plans to pay Grant B. Cooper of Los Angeles and his wife, also an attorney — \$500 a day for study and preparation and \$750 if the matter goes to trial.

If that may add up to a hefty total of State funds, any real judgment must be made when the results are in. Certainly, the size and the complexity of the Kukui Plaza controversy — and the evidence of wrongdoing unearthed to date — merit moving ahead with a special prosecutor.

As stated before, the actual cost of the City Council investigation (aside from the controversial guard fee) is not excessive considering the scope of the real and potential deals made and what the public has learned.

Presumably, much of the investigatory work has been done by the City Council's special staff, some of whom will work for the special prosecutor. The basic job of the prosecutor would be analyzing material and preparing any cases, a task where experience and judgment are important.

THERE IS no doubt the State plan has a political context.

Mayor Fasi — whose people in and out of City Hall played key roles in Kukui Plaza — is running against Governor Ariyoshi for the governorship in 1978, and vice versa.

But, given that fact, the timing of the State move to name a special prosecutor is politically minimal,

coming as it does after a Fasi reelection landslide.

And Cooper has a reputation that indicates independence and integrity, plus recommendations from respected national figures.

Nevertheless, the same Fasi-appointed City Prosecutor who wants his office to take the Kukui Plaza controversy to the grand jury is critical of the State's plan for an independent special prosecutor as a "political" move.

It should be remembered that the City passed up the chance to join with the State in naming such a special prosecutor. Instead, it tried to take the case to the grand jury by itself.

MAYOR FASI should be welcoming the naming of a respected outside figure in the Kukui Plaza controversy.

The Mayor has said nobody now in his Administration was involved in any illegalities. If so, and if nothing significant comes from the expensive involvement of a special prosecutor, that would be a political plus for the Mayor.

Moreover, to concede that obvious political factors are involved in the Kukui Plaza situation is not to agree that is the commanding motive for all those who have been pursuing the various threads of evidence of favoritism and illegalities. Politics have not been the motive of this newspaper, although it suits the Mayor to say so.

THE STATE is taking its own political and legal risks in naming a special prosecutor. But Attorney General Ronald Amemiya obviously feels there is enough evidence to merit moving beyond the City Council investigation and in parallel with a Federal grand jury investigation.

The public interest has nothing to lose — and, quite possibly, something to gain.

(Indicate page, name of newspaper, city and state.)

HONOLULU ADVERTISER
HONOLULU, HAWAII

PAGE A-22

Copied to Bureau

Date: 11/5/76

Sender: D

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Submitting Office: HONOLULU

Being Investigated

62-898

SEARCHED	INDEXED
SERIALIZED	FILED

10V 5 1976

FBI - HONOLULU

DP

Finish the Job!

The City Council couldn't have picked a worse time to wind up the Kukui Plaza investigation. From the beginning the Fasi administration has accused the Council of making a circus of the probe for political reasons — those reasons being to provide ammunition for use against the Mayor in his campaign for re-election and to generate favorable publicity for his opponents. By announcing the windup of the probe six days before the election the Council has given the Mayor persuasive evidence to support his claim.

Since the investigation began six months ago, the Star-Bulletin has repeatedly urged the Council to stop dawdling and press ahead as quickly as possible. We have decried the Council's early display of guns and guards, and other distractions.

The investigation has dragged on nevertheless right up to the election, which seems like a singularly inappropriate time to stop. Besides, recent sessions of the investigating committee have been productive and there are indications that more important information could be developed.

Having come so far — and having already spent considerable sums on the case — the Council ought to go ahead and finish the job.

It is true that enough information has already been produced to make it plain that Kukui Plaza was scandalously mismanaged by the Fasi administration and that the Council should take steps to ensure that the same things don't happen again.

Attorney Brook Hart has proposed 15 changes in procedures for future City urban redevelopment projects with that purpose in mind. Certainly Hart is correct in recommending that the Council exert greater control over such projects and that independent selection panels make the choice of developers.

In the sense that the Council investigation has proceeded far enough to produce sufficient information on which to base legislation, the purpose of the probe has been achieved. It is also true that bringing the case before the federal grand jury should take care of criminal aspects.

Yet we go along with Probe Chairman Wilber "Sandy" Holck in his assessment that the Council ought to continue the investigation and "wrap it up properly." To stop now would mean leaving it under a cloud of suspicion that may never be dispelled.

HONOLULU STAR-BULLETIN
HONOLULU, HAWAII
10/30/76
HOME
PAGE A-10
68-898

68-898
INDEX
FILED

(Mount Clipping In Space Below)

Kukui probe

10/20/76 A-1

centers on Fair

(page, name of
newspaper, city and state.)

By JAMES DOOLEY
Advertiser Government Bureau

In 1973 "there was some talk" among sponsors of the 50th State Fair that payment of an increased fee to a firm owned by Harry C. C. Chung's brothers would result in decreased Fair-related bills from the City, the City Council was told yesterday.

The higher fee was paid — to the convention planning firm of Conserv, Inc. — and a bill from the City for some \$7,000 in damages to the Honolulu International Center never was paid, Alan Tamayose, an official of the Honolulu Jaycees, told the Council.

His sworn testimony came during a Council Kukui Plaza hearing that featured very little discussion of the \$50-million Kukui urban renewal project.

Most of the testimony taken yesterday centered on 1973 and 1974 activities at the HIC, since renamed the Neal Blaisdell Center.

Stamatis "Mike" Mertyris, one of the three original Council Kukui witnesses, made his first appearance before the Council yesterday, also testifying about the HIC instead of Kukui.

Former City Auditoriums Department director Matt Esposito also took the stand for the first time, briefly answering Kukui-related questions but refusing to answer HIC-related queries.

Tamayose, a member of the board of directors for the 50th State Fair Co. in 1973, told the Council the HIC billed the company about \$7,000 for damages at the City facility during the State Fair that year.

He said the bill was in addition to another charge from the City of just

over \$1,000 for damage repair and "excessive clean-up" at the HIC.

The \$1,000 bill was paid but the \$7,000 bill never was, Tamayose said.

There was a connection between non-payment of the \$7,000 City bill and payment of a \$15,000 bill from Conserv, Tamayose acknowledged, in response to questions from Council attorney James T. Leavitt.

Conserv contracted with the 50th State Fair Co. to construct and sell commercial exhibit booths at the fair.

The firm is owned by Ronald and Richard Chung, brothers of Harry C. C. Chung, close political associate and former chief campaign fundraiser for Mayor Frank F. Fasi.

"To the best that I can recall there was some talk that if we paid Conserv \$15,000 there would be some help in negotiating with the HIC regarding the damages," Tamayose said.

The \$15,000 bill from Conserv was for decorations for the HIC exhibition hall, arena and main entrance, he said.

Under terms of its agreement with the 50th State Fair Co., Conserv was to pay the company \$10,000 for the commercial booth concession.

The concession fee was nullified, however, by the decorations and other work performed by Conserv for the 50th State Fair Co., Tamayose explained.

When fair officials first began contract talks with Conserv, he said, they wanted to pay only \$10,000 for decorations.

That amount was budgeted, but the final amount to be paid to Conserv "was left open-ended" until the

10/20/76
ADVERTISERcation:
ng Office:
ng Investigated

See KUKUI on Page A-4

From Page 1

conclusion of the fair shortly after the 4th of July, Tamayose told the Council.

When the Fair ended, he said, the company received two bills from the HIC for damages.

Sometime between the end of the Fair and final settlement of bills in September, the talk about honoring the full \$15,000 charge from Conserv. In return for negotiated damage payments occurred among fair directors, Tamayose said.

According to records turned over to the Council, the 50th State Fair Co. ended up being charged the full \$15,000 by Conserv and paying the City \$1,000 for HIC damages and cleanup.

Tamayose said the \$7,000 HIC bill could not be found in the records of the 50th State Fair Co. and Leavitt said the bill failed to turn up during a search of HIC financial records.

The total service charge from Conserv, minus the commercial booth concession fee, totaled \$10,052, Tamayose said.

A check for that amount was made out to Conserv by the State Fair Co., he said.

But the check was returned by Conserv with the request that it be voided and two others totaling the same amount be made out, he said.

One check for \$832, made out to Wallace Nitta of the Hawaii Farm Bureau Federation, was then written and another, for \$9,220, payable to Harry C. C. Chung, also was made out, Tamayose said.

A voucher for the Chung check said the payment was in return for consultant services. Tamayose said yesterday Chung performed no such services for the 50th State Fair Co.

The company itself in 1973 was a partnership between the Jaycees and the Farm Bureau Federation.

Nitta was and still is an official of the Farm Bureau Federation.

The \$832 payment to him involved golf carts used by the State Fair and supplied by Nitta's firm, Wallwill Corp.

Nitta, in testimony yesterday, said Wallwill rented golf carts for use at the Fair to the Fair Co., and sold a larger cart to the State Fair Co.

He said the larger vehicle, which he called a "personnel carrier," is now in use at the center.

Just who owns it is unclear since the Jaycees and the Farm Bureau dissolved the 50th State Fair Co. after 1973.

Since that time the Jaycees have sponsored the State Fair on their own and the Farm Bureau has staged the State Farm Fair.

Tamayose said the larger golf cart was left at the HIC for "PR benefits . . . keeping the HIC people happy, I guess."

In 1974, the State Farm Fair was held at the HIC at the same time Oceanside Properties, Inc., developer of Kukui Plaza, was operating a Kukui sales office there.

Oceanside was required to pay Conserv some \$3,000 in 1974, purportedly for booth rental at the Farm Fair.

That transaction has been the subject of discussion at earlier Kukui hearings.

Mertyris, who waterproofed the Kukui Plaza recreation deck, told the Council he discussed floor surfacing work at the HIC with Esposito last year.

After being introduced to Esposito by Joe Zbin, then Oceanside vice president and now a key Council Kukui witness, Mertyris said he and Esposito discussed a contract for application of a skidproof epoxy floor covering in the kitchen and on the stairs of the HIC.

Mertyris said he quoted an \$18,000 price for the work during the discussion in Esposito's office.

According to Mertyris, Esposito responded by saying: "The price is \$28,000."

As Mertyris told it, Esposito said the work would be divided into \$4,000 increments so that it would not have to be put out to competitive bid.

According to the City Charter, contracts in excess of \$4,000 must be put out to bid.

Mertyris said only he and Esposito were present during their conversation and he could offer no proof of his charges.

Mertyris told the Council that he installed, free of charge, at Esposito's request, nonskid surfacing on the floor of Venus Lounge, a Young Street hostess bar owned by a friend of Esposito's.

Mertyris said he backed out of the HIC deal after doing the work at Venus Lounge, work he valued at "between \$800 to \$1,000."

He said that after thinking over the HIC arrangement, "it just turned me off. I wasn't prepared to go through with it."

Esposito later privately labeled Mertyris' story "ridiculous," but declined to discuss it under oath before the Council on the advice of his attorney, Peter A. Donahoe.

(Mount Clipping In Space Below)

Guarded Witness 10/19/76 Testifies

*By Russ Lynch
Star-Bulletin Writer*

A painting and surfacing contractor today told the City Council that Matthew Esposito offered him a City contract with \$10,000 built in as profit if he would perform work free at the Venus Lounge, a Young Street bar.

Stamatis "Mike" Mertyris, one of three witnesses the Council has kept under guard since its investigation of the Kukui Plaza project began, made the disclosure in his first appearance before the Council's investigative committee.

Mertyris said that Esposito, then City auditoriums director, offered to see that he was paid \$28,000 on a job he quoted at \$18,000 and claimed that Esposito said he could arrange the contract in \$4,000 increments to avoid the required public bidding procedure.

HE SAID THAT in return, he agreed to do between \$800 and \$1,000 in flooring work free at the Venus Lounge so Esposito could show it to the City Council as a sample of Mertyris' work.

Mertyris said that in mid-1975, he accompanied Joseph Zbin, then executive vice president of Ocean-side Properties Inc., developer of Kukui Plaza, to Esposito's office at Blaisdell Center, then known as Honolulu International Center.

Zbin's visit was in order to discuss the dismantling and removal of a sales display office for Kukui Plaza set up there by Oceanside. Mertyris.

HE TOLD THE COUNCIL that when Esposito found out that his business was installing nonskid surfaces and waterproofing, Esposito told him the City "had a problem in the kitchen at the HIC, the tile was cracking up and lifting away and getting water underneath."

"He (Esposito) also mentioned a lawsuit by someone who slipped on some steps at the HIC," Mertyris said.

He said Esposito asked him to estimate the cost of applying nonskid surfaces in those places.

He said he measured the area and returned to Esposito's office and told him the price would be about \$7,000 for the kitchen and \$11,000 for the stairway.

ESPOSITO THEN said "the price
is \$28,000." Mertyris said.

He claimed that Esposito said he could get approval of the work and "split the job to under \$4,000 increments where you can go to negotiate bids."

Questioned by Council attorney James Leavitt, Mertyris said Esposito asked him, however, to do some free flooring work at the Venus Lounge.

"He was going to use the Venus Lounge to bring the councilmen and people he had to convince," to show them Mertyris' work, the contractor said.

THE LOUNGE needed work on the kitchen floor, the bathroom and the bar and Mertyris, who runs Mike's Painting and is general manager of another company, Multi Products

— Turn to Page A-8, Col. 5

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Continued from Page One

Inc., said he did the work at the Venus Lounge.

Later, after thinking it over, he decided not to do the work at the City facility, he said.

"After doing the installation at the Venus Lounge and thinking about it a little, it just turned me off. I wasn't about to get involved in anything like that," Mertyris said.

Councilman Wilbert "Sandy" Holck, chairman of the investigative committee, paved the way for the testimony by Mertyris when today's hearing opened.

HOLCK SAID Council staff investigation of the Oceanside Properties use of the HIC in 1974 has already shown a suggestion that the use of the site "was dictated by someone other" than Esposito, a reference to earlier testimony that appeared to show involvement of the family of Harry C. C. Chung.

Chung, a major contractor in the Kukui Plaza complex and former chief fund-raiser for Mayor Frank F. Fasi, was mentioned in earlier testimony as involved in the HIC sales office.

Holck said earlier testimony also showed that Oceanside had been charged an "exorbitant sum" for its HIC rent and that the rental agreement "involved questionable payments."

HE SAID it also appeared that there was a connection between Esposito, the Venus Lounge and Rainbow Golf Supply Inc.

Earlier hearings produced testimony that carpet from the HIC sales display by Oceanside, paid for by the Kukui project, ended up on the floor of the cocktail lounge and the offices of Rainbow Golf, a company then owned by Esposito.

Esposito, who appeared at the hearing room late in the morning with his attorney, called Mertyris' testimony "ridiculous." He would not comment further



Stamatis Mertyris

(Mount Clipping in Space Below)

Esposito: Probers'

charges 'false'

Indicate page, name of newspaper, city and state.

Former City auditoriums director Matt Esposito yesterday issued a written statement denying charges against him that stem from the City Council's investigation into Kukui Plaza.

In his statement, Esposito labeled as "false charges" certain statements made at a City Council investigation hearing Saturday and subsequently published that day in the Honolulu Star-Bulletin and yesterday in The Sunday Star-Bulletin & Advertiser.

Esposito's statement said the comments by the City Council investigative staff damaged his "good name and reputation in this com-

munity."

On Saturday, Susan Schlamb, a member of the Council investigative staff, said there is evidence indicating that some carpeting purchased in 1974 by the developer of Kukui Plaza eventually ended up in two businesses in which Esposito was interested. Esposito, at the time, was auditoriums director and Oceanside Properties, Inc., developer of the \$50 million Kukui Plaza project, was operating a sales office in the then Honolulu International Center.

Esposito said yesterday the charges "were rumored since last May. Without proof and without justification they have willfully and

maliciously attacked me.

"The only reason that they have done so, especially The Honolulu Advertiser, is to hope that by maliciously attacking my good reputation that such an attack would reflect unfavorably against the most honest and dedicated officeholder in Hawaii, Mayor Frank Fasi," Esposito's statement said.

Esposito said he has referred the matter to his attorney, Peter Donahoe, and plans action "against each member of the City Council, City and County of Honolulu, its investigating team and all involved in the Kukui Plaza investigation."



Esposito
"Reputation damaged"

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(Mount Clipping In Space Below)

Chung, Hansen — Kukui funds mystery

By JAMES DOOLEY
Advertiser Government Bureau

Between mid-1975 and this past February former Oceanside Properties, Inc., president Hal J. Hansen and Harry C. C. Chung, close political associate of Mayor Frank F. Fasi, received between them \$70,000 which originally came from the Kukui Plaza project; according to testimony before the City Council yesterday.

The money was part of a payment made to Chung's company, 20th Century Furniture, Inc., for furnishings installed in the City-backed urban renewal project, Council staffer Martin Plotnick said.

According to subpoenaed documents delivered to the Council Friday afternoon by 20th Century, the \$70,000 was loaned to Hansen by the corporation, and \$25,000 of it has been paid back.

PLOTNICK SAID 20th Century gave Hansen the money in three separate checks: \$25,000 on Aug. 18,

1975; \$25,000 on Sept. 3, 1975; and \$20,000 on Jan. 21, 1976.

On Sept. 3, 1975, Plotnick said that after Hansen had deposited the first \$25,000 in his personal checking accounts, he paid Chung personally — not 20th Century as a corporation — a total of \$25,000 in two checks.

Chung deposited one check for \$15,000 in a personal checking account and another for \$10,000 in a

An editorial:
 "Kukui Plaza,
 Fasi & 'friends'"
 on Page E-2

trading account in his name at a local stock brokerage house, Plotnick said.

Introduced into evidence during yesterday's hearing were three promissory notes given the Council Friday by 20th Century.

EACH WAS SIGNED by Hansen and each corresponded in date and amount to the three payments made by 20th Century to Hansen.

The first note, covering the Aug. 18, 1975, \$25,000 payment from 20th Century to Hansen, was stamped "Paid" on May 31 of this year.

The remaining two notes are apparently still outstanding.

Plotnick said he did not know where Hansen would have gotten the money to pay off the first \$25,000 note this past May since "during that month Hal J. Hansen's average bank balance was \$5.00."

The council has subpoenaed all bank records of Hansen's personal financial transactions.

HANSEN, WHO resigned as Oceanside president April 28 but remains a director, gave Oceanside \$127,000 in late June as repayment for corporate funds he had earlier used for unstated purposes and with-

See KUKUI on Page A-3

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Kukui probe staffer traces \$70,000 to Hansen, Chung

From Page 1

out the knowledge of Oceanside's board of directors.

Hansen's salary at the time of his resignation was slightly less than \$30,000 annually.

The Internal Revenue Service is currently investigating possible Federal tax liabilities of Hansen.

Councilman Wilbert "Sandy" Holck, chairman of the Council's Kukui investigating committee, injected two notes of mystery into yesterday's proceedings during discussion of the 20th Century-Hansen financial transactions.

HOLCK SAID he had received a letter yesterday from an individual whom he refused to name, asking that the Council delay discussion of the \$70,000 "until after the Primary Election."

The election, which includes the Democratic and Republican primaries for the mayor's race, will be held this Saturday.

Holck also said he received an "anonymous telephone call" at his home 10:30 p.m. Friday from a person who told him "documents to refute what was coming up today (yesterday)" could be picked up at the City Hall guard's desk.

Holck said an envelope containing copies of the three promissory notes was waiting for him yesterday at the guard's desk.

Copies of those same three notes had been received by the Council from 20th Century on Friday.

PLOTNICK POINTED out a discrepancy between one of the anonymously-contributed notes and its counterpart turned over to the Council by 20th Century.

The note in question was the one which had been stamped "Paid" as of May 31.

Plotnick said the copy of that note delivered to the guard's desk carried at the bottom a handwritten notation: "original given to Hanson (sic) 9/9/76."

That notation was not on the bottom of the copy of the note turned over to the Council by 20th Century.

Plotnick began his presentation to the Council by saying it was the result of the investigative staff's continuing effort to "follow the money."

AS HE EXPLAINED it, Kukui construction money began with the project's interim lender, Bankers Trust Co. of New York.

Monthly disbursements to Oceanside from Bankers Trust were channeled through Hawaii National Bank over the 35-month course of Kukui construction, ending in January of this year.

On Aug. 14, 1975, Hawaii National made out a check for \$391,800 to Oceanside and 20th Century Furniture jointly.

Oceanside endorsed the check over to 20th Century and it was deposited in that firm's corporate account by Harry Chung on Aug. 19, 1975.

PLOTNICK DESCRIBED the following sequence of events:

- The first check for \$25,000 from 20th Century was made out to Hal Hanson (sic).

- On the same day, Aug. 18, Hansen deposited the check into a personal account at City Bank.

- Aug. 20, 1975, he transferred \$15,000 from City Bank to another personal account in First Hawaiian Bank.

- Sept. 3, 1975, he wrote two checks—for \$15,000 and \$10,000—on his First Hawaiian account, payable to Harry C. C. Chung.

In writing those checks, Plotnick said Hansen technically overdrew his account at First Hawaiian.

- Sept. 5, 1975, Chung deposited the \$15,000 into a personal checking account at First Hawaiian, and con-

verted the other \$10,000 check into a cashier's check, also at First Hawaiian.

That cashier's check was deposited by Chung into an account of his at the stock brokerage firm of Shearson Hayden and Stone, Inc., on Sept. 8, 1975.

- The second \$25,000 check from 20th Century to Hansen was written Sept. 3 by Harry Chung.

HANSEN DEPOSITED it Sept. 3 in City Bank, then wrote a check to himself for the same amount which he deposited on the same day in his account at First Hawaiian.

The new infusion of money into the First Hawaiian account covered the potential overdraft caused earlier when Hansen wrote out the two checks to Chung.

Plotnick claimed this showed that Hansen knew the second \$25,000 check was coming from 20th Century.

- On Jan. 21, 1976, after a new disbursement from Bankers Trust and Hawaii National Bank had been made to 20th Century, Chung made out a \$20,000 check on his company's business account, payable to Hansen.

Hansen deposited it the next day in his City Bank account.

Hansen has refused to comply with subpoenas for testimony.

PLOTNICK SAID he could not explain the promissory notes—why Hansen would borrow \$25,000 from 20th Century as a corporation and then pay the same amount almost immediately to the vice president of the corporation, still leaving the \$25,000 note to the corporation unredeemed.

Holck closed the three-hour hearing after noting that all the testimony and evidence introduced yesterday would be turned over to "appropriate agencies" for further investigation.

Hawaii Nat'l. Bank releases
\$391,600 in Kukui Plaza funds
to 20th Century Furniture
(owned by Chungs) 8/14/75



20th Century Furniture checks
to Hal J. Hansen

\$25,000
8/18/75

\$25,000
9/3/75

Hansen makes transfers from
City Bank checking account to
his First Hawaiian Bank account

\$15,000
8/20/75

\$24,740
9/5/75

No. _____ Honolulu, Hawaii September 3, 1975 \$ 25,000.00
ON DEMAND after date, for value received, I, or we, or either of us, promise to pay to the order of TWENTIETH CENTURY FURNITURE, INC. at Honolulu, Hawaii the sum of TWENTY-FIVE THOUSAND AND NO/100 * * * * Dollars with interest from date until fully paid at the rate of 12 per cent per annum payable principal and interest payable in lawful money of the United States of America. Principal of this note is to be paid as follows: \$ * * * * on * * * * 19 and \$ * * * * on the * * * * of each month thereafter.

It is understood and agreed that, if default is made in the payment of any principal or interest, as herein provided the entire unpaid amount of both principal and interest shall become immediately due and collectible at the option of the holder of this note. If this note, or any part thereof, is not paid when due, I, or we, or either of us, promise to pay all cost of collection, including a reasonable attorney's fee, should it be placed in the hands of an attorney for collection, or should any suit be instituted to enforce payment of this note.

The makers, sureties, and all endorsers hereof severally waive presentation, demand of payment, protest and notice of protest of the non-payment of this note.

By Hal J. Hansen

By _____

Address _____

Copy of one of three "promissory notes" delivered to City Council Friday by 20th Century Furniture. Amounts and dates on the notes coincide with the three payments made by 20th Century to Hal J. Hansen. One of the three notes, for \$25,000, was marked paid as of May 31 of this year.

Hansen checks to Harry C. C. Chung

\$15,000
9/3/75

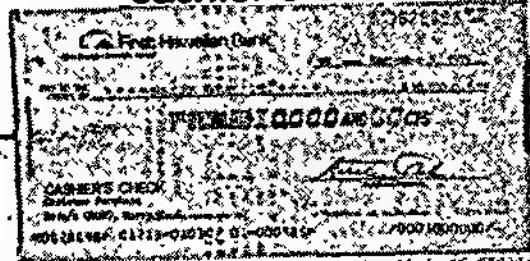


Chung deposits check
in his account 9/5/75

\$10,000
9/3/75



Chung obtains
cashier's check



Chung deposits \$10,000
in his stock broker
account 9/8/75

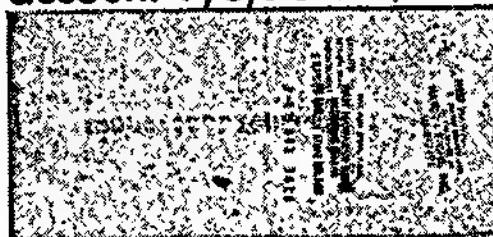


Chart traces the flow of money described by City Council staffer Martin Plotnick in Kukui Plaza hearing yesterday. Plotnick said the \$391,600 payment through Oceanside Properties to Kukui Plaza subcontractor 20th Century Furniture was made on authorization of Bankers Trust of New York, Kukui mortgage holder. In the months following this transaction, 20th Century made three payments to Hal J. Hansen (the first two, for \$25,000 each, are described in this chart dealing with 1975; a third payment, \$20,000, was made in January 1976). During the period of the first two payments from 20th Century to Hansen, totalling \$50,000, Hansen in turn wrote personal checks totalling \$25,000 to 20th Century vice president Harry C. C. Chung, who deposited them in personal bank and stock accounts.

(Mount Clipping in Space Below)

Kukui Carpet, Esposito Linked

Cocktail Lounge and His Office Given a 'Gift,' Council Probers Are Told

By Russ Lynch
Star-Bulletin Writer

Carpet that was charged to the Kukui Plaza developer ended up in a Young Street cocktail lounge and in the private business office of former City Auditoriums Director Matthew Esposito, the City Council was told today.

In both cases, the carpet was charged to Oceanside Properties Inc., developer of the \$50 million urban renewal project, according to Susan Schlamb, research assistant to the Council committee probing alleged wrongdoings in Kukui Plaza.

THE SAME COMMITTEE, which met in an unusual Saturday session, yesterday heard testimony that Hal J. Hansen, then Oceanside president, siphoned off thousands of dollars from project financing into his personal bank account.

Susan Au, another Council researcher, testified that the "skim" picture that has emerged thus far in the investigation should be "considered minimum" because the Council has not completed its record gathering.

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In testimony today, Schlamb said, an invoice from Twentieth Century Furniture showed that 36 square yards of carpet charged to Oceanside was installed in the offices of Rainbow Golf Supply, owned by Esposito at the time.

Esposito owned the business while he was City auditoriums director.

SCHLAMB SAID THERE is reason to believe that a portion of carpet charged to Oceanside for Kukui Plaza display space at the Honolulu International Center (now Blaisdell Center) "may indeed have ended up on the floor of a local bar, specifically the Venus lounge" on Young street.

She produced samples of a carpet taken from the wall of the HIC display and a sample of the carpet at the Venus lounge which appeared identical.

She said, however, that she was not sure whether the carpet in the bar was from the walls of the HIC display after it was dismantled, or whether it was unused carpet paid for by Oceanside but not delivered to Oceanside.

SHE SAID LIQUOR Commission records show the Venus lounge is owned by Naome Han; and said that Han and Esposito were served subpoenas to appear before the City Council "at the same time and at the same residence."

Neither Esposito nor Han was present at today's hearing.

Councilman Kekoa D. Kaapu said that the evidence relating to the carpet transactions showed involvement of "the personal, private business of a high City official who at that time was director of auditoriums. It does potentially involve misfeasance or malfeasance in office."

At yesterday's hearing, Au told the Council that Hansen's company paid \$114,100 to a company that apparently did no business on the Kukui Plaza job, Project Supply Inc., in the years Kukui Plaza was under construction.

OF THAT AMOUNT, \$72,100 was charged to Kukui Plaza and the other \$42,000 included large amounts for "projects in progress," some of which could have been Kukui Plaza charges, she said.

Almost immediately, the payments to Project Supply or its owners, Norman and Verna Buell, were repaid directly to Hansen, Au said.

"Generally it took one or two

Turn to Page A-2, Col. 3

Esposito Is Linked to 'Gift' of Kukui Carpet

Continued from Page One

days." There were many same-day transactions," she said.

Au said she was able to trace \$57,800 in direct payments to developer Hansen, \$23,000 that went to the Buells' personal bank accounts, \$4,800 in checks turned into cash by Project Supply and another \$56,400 in Oceanside payments to Project Supply that were untraceable.

AU FURTHER testified, under oath, that Joe You Painting, a subcontractor on the job, paid a total of \$16,500 to Project Supply and that money, in turn, could also be traced to Hansen.

Developer Hansen and the Buells have so far resisted subpoenas to appear before the Council.

The books of Joe You Painting, Au said, show the company paid Project Supply \$1,500 on May 27, 1974, another \$5,000 June 1 of that year, \$5,000 June 15 and another \$5,000 July 6, 1974.

THE CHECKS WRITTEN against Joe You's bank account were signed by George S. Phillips, shown as Joe You's bookkeeper.

The same man, Phillips, also was an officer of Project Supply and he in turn wrote checks in the same amounts, on the same four dates, paying the same total of \$16,500 from Project Supply to Hansen, Au testified.

Au agreed with a remark of Council attorney James Leavitt that Joe You's books were "more or less jiggled" to balance the payments. She said You's explanation was that he "invested" in Project Supply.

The City Council, through its five months of probing the Kukui Plaza project, has been compiling evidence pointing to kickbacks by subcontractors to the developer.

Phillips, incidentally, also was one of the founders of Hansen's company, Oceanside, testimony showed yesterday.

Ronald C.C. Chung, listed in corporate exhibits as president of Conserv Inc., said his brother Richard, who is out of town, handled the details.

Another Chung family company, Twentieth Century Furniture Inc., was paid some \$9,000 for supplying and installing carpet on floors and walls of the Oceanside Properties Kukui Plaza sales display at the HIC, the Council was told.

And other Council researcher, Susan Schlamb, said Oceanside apparently was billed for as much as \$4,000 more carpet than could possibly have been installed in the space available.

ATTORNEY BERT S. Tokairin, representing Harry C.C. Chung, cross-examined Schlamb and took exception to her conclusions since she admitted she is not a carpet expert.

Chung himself said the Council is confusing his costs with the end price to Oceanside and not allowing for mark-up, but he did not have figures at hand.

The subcontractor who laid the carpet for Chung, Stephen Moon of Hawaii Contract Carpeting Inc., declined to testify until his attorney, who was away, could be present.

For the Chungs, Tokairin challenged researcher Schlamb, who testified that the maximum amount of carpet that could have gone into the HIC display, including installation charges, would have been worth about \$3,800.

TWENTIETH CENTURY billed
Oceanside for \$9,233.

Schlamb said some 369 square yards of the carpet is "missing." The total carpeted area could only have been 509 square yards, she said, yet Oceanside paid for more than 800 yards.

Tokairin said that "in view of the serious accusations made," which included, he said, the charge that Oceanside was billed for a "\$6,000 overcharge," the Council researchers should be sure of their figures and not make "vague accusations" based on uninformed estimates.

Tokairin claimed, for example, that carpet which had been glued to the display walls was ripped away when the display was dismantled and therefore had no salvage value.

IN RESPECT TO the "missing" carpet charged to Kukui Plaza but apparently not used in the display, Tokairin said "every member of the Council knows where that carpet is."

In response to several Council members who said they did not know, Tokairin apologized for the remark and said it was based on a subpoena demanding information about carpeting which "names a certain bar in Honolulu."

The 908-apartment Kukui Plaza complex, built by Oceanside as a private development on land leased from the City at \$1 a year, has been under investigation by the Council since the beginning of May.

THE COUNCIL'S concern for the money involved is based on an agreement made in January of this year between Oceanside and Mayor Frank F. Fasi, allowing Oceanside to keep up to \$1.2 million in revenues from 900 municipal parking stalls in the project.

That agreement, a so-called "cost recovery" mechanism, has been explained as necessary to assure Oceanside 6 per cent profit, the company claims it was promised on the development.

The Council is exploring billings to the project, including the apparent skim by Hansen and the Buells, because members suspect padded bills may have unnecessarily raised Oceanside's costs, placing the company's claimed in question profit.

THE BUELLS DID NOT appear in response to subpoena yesterday but the Council received a letter from their attorney, Jon Miho, saying that he and Norman Buell were unable to make it for medical reasons.

Phillips also did not respond to subpoena.

Other evidence yesterday showed that Oceanside apparently paid both the City and a company run by the family of Harry C.C. Chung, Mayor Frank F. Fasi's longtime political fund raiser, for rental of display space at the Neal S. Blaisdell Center in 1974, then called the Honolulu International Center.

The Chung company, Conserv Inc., apparently subleased some of the space from the Hawaii Farm Bureau Federation, which ran the State Farm Fair, and Conserv in turn rented it to Oceanside.

THE COUNCIL IS exploring that matter further.

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Amemiya subpoenas City Council records

By GERRY KEIR
Advertiser City Editor

The State Attorney General's Office has subpoenaed the City Council's records of its Kukui Plaza investigation. The Advertiser has learned.

State legal officials used Act 33, a controversial 1972 law giving the Attorney General broad subpoena powers for investigations, to order the Council and its staff to prepare duplicates of the documents being used in the Council's own probe of the urban renewal project.

Attorney General Ronald Amemiya yesterday would not comment on the subpoenas or why they were

issued. Amemiya's office has been involved in some peripheral legal issues of the Kukui case, but has not until now taken a direct hand in pursuing the investigation itself.

SOURCES TOLD The Advertiser that the State subpoenas were issued at a time when it appeared that Council Chairman George Akahane was going to become chairman of the Kukui investigating committee and thus, presumably, have control over committee evidence.

The Council later decided, however, that Akahane's close ties with some principals in the investigation

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paper, city and state.)

See AMEMIYA on Page A-6

Amemiya subpoenas City Council records

From Page 1

make him a poor choice for chairman. Other Council members now involved in an attempt to oust Akahane as Council chairman have claimed that Akahane furnished information about the Kukui probe to the administration of Mayor Frank F. Fasi, one of the targets of the Council investigation.

Akahane has denied doing anything improper in this regard. However, the feeling that Akahane was close to Fasi and to the Fasi's political fund raiser, Harry C. C. Chung, was apparently the motive of Amemiya's office to gain legal control over the Council documents by subpoenaing them.

contended that it gave State lawyers too wide a latitude to go on fishing expeditions outside the control of the court system. However, defenders of the law say anyone who wished to contest the validity of an Act 33 subpoena had only to take it before a judge for a ruling.

IT IS NOT known exactly when the Council documents or duplicates of them will be turned over to the Attorney General.

Act 33 was first used by the State several years ago in an attempt to gain information about the finances of Fasi's political organization.

The Legislature passed the Act to give the Attorney General's Office broader authority to initiate and pursue investigations.

Critics of the law — including Fasi and his aides at the time —

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9/17/76
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IRS, State enter Kukui 'PROBE. Hansen 'tax liability' is target of summons

By JAMES DOOLEY
Advertiser Government Bureau

The Internal Revenue Service is conducting an investigation into possible "tax liability" of Hal J. Hansen Jr., former president of Oceanside Properties, Inc., Kukui Plaza developer, The Advertiser learned yesterday.

An IRS administrative summons for corporate annual reports of some 61 companies — all or nearly all of them involved in the Kukui Plaza project — was delivered to the State Department of Regulatory Agencies early this month in connection with the Hansen case.

IT WAS SIGNED by S. Gary Mijo, an agent with the intelligence division of the Honolulu IRS office.

Copies of the materials covered by the summons were to be prepared for pickup by the IRS this morning.

An IRS spokesman had no comment on the matter.

The summons represents the first public appearance of the IRS in the Kukui case.

The Advertiser reported May 14 that the IRS was involved in the case, but the extent of its involvement was unknown.

The City Council has been investi-

See HANSEN on Page A-6



S. Gary Mijo
Taking Kukui probe notes

HIGHLIGHT

gating the \$50 million, City-sponsored Kukui Plaza urban redevelopment project since early May.

That investigation was launched in the wake of news stories in The Advertiser detailing concessions granted the developer by the City and business dealings between Oceanside and political associates of Mayor Frank F. Fasi.

AMONG THE firms listed on the IRS summons were Oceanside itself; Bankers Trust Co., the New York financial institution that provided \$42.5 million in Kukui construction funds; and Zenith Mortgage Co. and Hawaii National Bank, the two firms providing mortgage financing for Kukui.

In addition, the list included the project contractor, Swinerton and Walberg Co.; the architect, Daniel Mann Johnson and Mendenhall of

Hawaii, and the planner, Donald Wolbrink and Associates, Inc.

Also on the list was 20th Century Furniture, Inc., the firm headed by Mayor Frank F. Fasi's former political fund-raiser, Harry C. C. Chung.

Twentieth Century provided all furniture, carpeting and drapes for Kukui Plaza under a \$1.3 million subcontract.

Absent from the list was Project Supply Inc., the now-defunct construction supply firm which has figured several times in Council testimony.

WITNESSES have testified that Project Supply received Kukui-related funds from Oceanside for work and materials it did not provide.

The heading on the summons said it dealt with "tax liability of Halton J. Hansen."

Documents required under the summons included the original articles of incorporation of each listed firm and the annual reports of each firm filed with the Department of Regulatory Agencies.

Date	9/17/76
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(Mount Clipping in Space Below)

~~Advertiser~~ 9/16/76

Fasi brands Kukui a plot to defeat him

By JERRY BURRIS
Advertiser Politics Writer

The controversy over Kukui Plaza is only the latest in a series of manufactured scandals that crop up every election year, Mayor Frank Fasi charged yesterday.

Fasi, speaking to students at Chaminade College, suggested the Kukui investigation has more to do with his candidacy for office than with any irregularities or illegalities.

Questions have been raised about the financing of the downtown redevelopment project, alleged favors offered to political associates of the Mayor's and concessions granted the developer by the City.

"We're traveling down the same road I traveled in 1972 (when he ran for mayor) and 1974 (when he ran for governor)," Fasi said.

IN 1972, Fasi said the media — and he singled out The Advertiser — made a big issue out of charges by former City worker Larry Stevens that the City's computers had been used for Fasi's political purposes.

Stevens, who had been a computer operator for the City, disappeared shortly after he made those charges. Fasi accused The Advertiser yesterday of insinuating that he had somehow gotten rid of Stevens.

Stevens showed up later on the Mainland.

"Then in 1974 they hit on another gimmick to try to derail me," Fasi said.

THAT TIME IT was his dispute with the State Campaign Spending Commission over some \$350,000 in campaign funds that Fasi donated to the City. The commission wanted him to release the names of those who gave him the money but Fasi fought their order, arguing that the law was unconstitutional.

He was eventually cited by the commission but the action was later overturned in Court.

"Now, it's 1976 and again the Advertiser is figuring they're going to knock me off one way or another."

He predicted the issue of Kukui Plaza would die out after the election.

In his remarks to the students, Fasi admitted that he once said the mayor of Honolulu should be limited to two terms in office. But Fasi — now running for his third term — said he has changed his mind.

"I have changed with the times and have rethought that position," he said. "Besides, I must have had people like (challenger Nelson) Doi in mind when I made that statement — not Frank Fasi."

WHILE HE is running for a third four-year term, Fasi tacitly acknowledged yesterday that he still wants to be Governor and may run again in 1978.

He told of promising a tourism group that "I'm going to be your mayor for the next four years ... anyway, or at least for the next two years."

(Indicate page, name of newspaper, city and state.)

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9/16/76
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Submitting Office:
 Being Investigated

(Mount Clipping In Space Below)

Wednesday, September 8, 1976

Kukui & the Council

The Honolulu City Council is divided and feuding as it seeks to resolve who will head its Kukui Plaza committee and how that investigation will be pushed to a satisfactory conclusion.

Councilman Kekoa Kaapu has not been formally ousted as committee chairman, although plans to do that were announced when the Council's Democratic majority met late last month after he switched to the Republican party to run for mayor.

Council Chairman George Akahane was due to take over as head of the committee at today's full Council meeting. Now that move is up in the air because of differences on the Council.

RESERVATIONS about Akahane as head of the investigation stem from the feeling he has been too close with Mayor Fasi and members of the Fasi political organization — the same group that's under fire in the Kukui Plaza controversy.

It has been brought out again that Akahane was passed over as head of the investigation early this year because he has had close ties with the family of Harry Chung, until recently Mayor Fasi's chief fund-raiser and a central figure in the Kukui Plaza political-business deals.

Akahane complains bitterly this is

old information, that he has not been close friends with Harry Chung but with his brothers, that he never wanted to head the investigation and only would now because no one else wants the job, except Kaapu who he says has messed it up.

Still, it's reported others besides Kaapu might now be willing. If so, that might be just as well because Akahane is in a shadow in this case.

Like it or not, it's the kind of a situation where a reasonable person might assume he has a conflict of interest. And that, in turn, could reflect negatively on Akahane's good work as Council chairman, not to mention any future ambitions he might have.

BUT WHOEVER runs the Kukui Plaza investigation from now on — be it Kaapu, Akahane or someone else — the essential challenge remains:

That is to bring out as much of the truth as possible in a reasonable time with both fairness and no hint of a coverup.

The Council has important business ahead this year, including adoption of the Oahu General Plan. Yet nothing it will do is more important than concluding the Kukui Plaza matter in the proper way — and nothing will live longer in the minds of the voters.

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9/8/76
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(Mount Clipping in Space Below)

High Court Airs Kukui Dispute

"By Russ Lynch
Star-Bulletin Writer

If a Circuit Court ruling preventing City Prosecutor Maurice Sapienza from taking any Kukui Plaza criminal charges to a grand jury is allowed to stand, it will be the same

as allowing "a crime to go unprosecuted," Randolph Slaton, a deputy City prosecutor, told the State Supreme Court today.

Slaton, who was immediately reprimanded by Justice Bert T. Kobayashi for making a criminal allegation in court, quickly qualified his remark to say that he meant if criminal allegations were uncovered.

Slaton said the State attorney general has no standing to take criminal matters to the lower court, and Circuit Judge Yoshimi Hayashi therefore had no standing to rule as he did July 15, prohibiting Sapienza or any of his deputies from taking Kukui Plaza matters to the grand jury.

THE ATTORNEY general has done nothing to prosecute the case he said.

Larry Zenker, the deputy attorney general who argued the State's case before Hayashi, argued that evidence in that hearing showed a sufficient appearance of conflict of interest to disqualify Sapienza because of his close friendship with Mayor Frank F. Fasi and others in the D.A.C.

The State had proposed an alternative, the selection of a special prosecutor from among lawyers recommended by the Hawaii Bar Association, Zenker said.

But Fasi advertised in the newspapers for his own prosecutor, without reference to the bar, Zenker said.

THE SUPREME Court took the case under advisement, which means that until it rules the case cannot go to the grand jury.

In another Kukui Plaza matter, Councilman Kekoa D. Kaapu said today the Council probably does have an obligation to pay at least \$33,000 to Hawaiian Assistance Co. for guards for witnesses in the Coun-

(Indicate page, name of newspaper, city and state.)

Date: 9/2/76
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Submitting Office:
 Being Investigated

Supreme Court Hears Kukui and Jury Issue

Continued from Page One
ell's investigation of the downtown apartment project.

Kaapu, who was deposed as chairman of the Council's Kukui Plaza committee by the Democratic majority after he switched to the Republican party for the mayor's race, said the Council had, in effect, approved at least an initial bill for the \$33,000.

The Council did not send that bill to the City Finance Department for payment, however, pending a Circuit Court decision on whether the Council had the right to pay the law firm of Hart, Leavitt and Hall, also hired to help with the investigation. That case was decided in favor of the Council.

HAWAIIANA Assistance, which at one time had as many as 30 employees aiding the three key wit-

nesses in the probe of the \$50 million urban renewal project, billed the Council for close to \$300,000 last week and threatened to withdraw its services if some payment or alternative were not offered.

It was learned today the bill included \$25 an hour for "overhead" plus expenses for rented automobiles and house rental.

Kaapu said he told the group that one of the alternatives proposed, the free lease of a City concession such as the Kapiolani Golf Driving Range, could not be promised because such concessions are awarded only by public bid.

Kaapu said negotiations are under way with Hawaiian Assistance that will probably reduce the bill considerably.

HIS OWN earlier negotiations were aimed in that direction, he said, adding that he recommended

cutting "equipment and overhead" bills to "bring the total cost down to \$20,000 to \$30,000 a month."

At that level, the total bill for the protective services, to date, after four months of investigation, would run to a maximum of about \$120,000.

Kaapu conceded, however, that he is "out of it" now, since he is expected to be formally removed as Kukui Plaza committee chairman at next week's Council meeting.

He was preparing today a "chronology" for Council Chairman George G. Akahane, he said, explaining whatever arrangements were discussed to pay Hawaiian Assistance, which began escorting the three witnesses early in May after they said they believed their lives were threatened.

KAAPU DENIED that he personally was wholly responsible for the arrangements with Hawaiian Assistance.

He said he and Councilman Daniel Clement told the Hawaiian Assistance leaders they were "willing to recommend" payment to the Council if proper bills were received. But no promises were made. He said he feels the bills are "too high."

The first bill, for services up to May 15, was for \$33,000, he said, and the Council approved that.

No further detailed bills were submitted until Kaapu was ousted last week, and no vote was taken on paying Hawaiian Assistance.

DISCUSSIONS with Hawaiian Assistance leaders Ati So'o and Sherwin "Sharkey" Fellez, earlier in the investigation brought assurances that the group was willing to continue working without pay, in the hope that money would be forthcoming later, Kaapu said.

UNITED STATES GOVERNMENT

Memorandum

TO : FILE (62-dead)

DATE: 10/29/76

FROM : SAC, HONOLULU

SUBJECT: ~~POLITICAL CONDITIONS~~
~~CITY AND COUNTY OF HONOLULU~~
MISCELLANEOUS

On 10/29/76 a federal grand jury began an inquiry into various aspects of the local Kukui Plaza project and other aspects of city government, looking toward possible violations of federal law. It is noted that the Internal Revenue Service has for several months been looking into this matter relative to possible violations of Internal Revenue laws. IRS is the federal agency that is handling this probe.

In order to closely follow the progress of this matter a 62-dead file is being opened to act as a repository for all material relating to this matter.

CJD:ejg

(1)

CCO:
open 62
read file
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FBI - HONOLULU	

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9/2/76

AIRTEL

AIRMAIL

TO: DIRECTOR, FBI

FROM: SAC, HONOLULU

SUBJECT: POLITICAL CONDITIONS
CITY AND COUNTY OF HONOLULU
HONOLULU DIVISION

The following information is being set forth so that the Bureau might be aware of the political climate and political manipulation as it exists at the present time.

The subject that has brought all this about is an urban renewal project known as Kukui Plaza. Kukui Plaza is a \$50-million twin-tower complex which was developed on a five-acre plot of city-owned land at the edge of Honolulu's Chinatown. It consists of approximately 1,000 apartments and approximately 1,800 parking stalls. The Plaza was developed by Oceanside Properties, Inc., which was selected by the present mayor, FRANK FASI.

There have been newspaper disclosures alleging favoritism and political cronyism in the allocation of the much-sought moderate income apartments. As a result, the Honolulu City Council initiated an investigation and has held public hearings into the matter. This has resulted in one of the biggest open fights between the Mayor and the City Council.

Besides the City Council probe, investigations into various aspects and in varying degrees are being conducted by the Honolulu Police Department and the Internal Revenue Service. There has been no coordinated effort whatsoever in the handling of this matter and since approximately May of 1976, when the

2 - Bureau
1 - Honolulu

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See [redacted]

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City Council initiated hearings, it has been nothing but one big political squabble between various factions. For instance, key figures, including the developer, have refused to respond to Council subpoenas and the Mayor instructed all city employees to do likewise. This resulted in a local judge having to rule on the power of City Council to issue such subpoenas. After the judge ruled that the Council did have the authority to issue subpoenas, the witnesses made a mockery during their appearances.

There have been charges that there was no open public bidding procedure and that the developer was not required to use any public bidding process to select suppliers and subcontractors because the construction was considered a private enterprise not subsidized by the city and was only public to the extent that the original impetus for the development came from the city, which also owned the land (which incidentally was acquired by the city for more than \$3-million and leased to the developer for only \$1 a year.)

The City Council became disturbed after newspaper reports disclosed that the city had entered into an agreement with the developer to have the developer keep the revenues from 900 municipal parking stalls for up to three years. This agreement appeared to guaranty the developer a 6% profit and deprived the city of up to \$1,2-million in parking revenues. This agreement had not been submitted to the Council for approval and thereby helped to generate the Council's probe.

There have been allegations made that the developer and his colleagues skimmed as much as \$6-million during construction and that some of this money found its way into pockets of city officials. Nothing has been substantiated and there are just allegations and counter-allegations to smear each political faction.

Thus far, as best can be summed up from newspaper reports, highlights disclosed by Council hearings are:

The developer, Oceanside Properties, awarded a \$1.3-million furnishings contract on which no public bidding was required to Twentieth Century Furniture, Inc., which is owned by the CHUNG family. HARRY C. C. CHUNG, a vice president and prime contact man between the furniture company and the developer, for years had been a key campaign aide to Mayor FASI and handled the Mayor's campaign money, and is alleged to be an important behind-the-scenes power broker.

HN 66-

HARRY C. C. CHUNG also received the rights to operate coin laundry machines in the Kukui Plaza complex.

[redacted]
[redacted] sold Oceanside [redacted]
for the development and earned himself a lucrative commission with little apparent effort.

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b7C

HARRY C. C. CHUNG kept a Kukui Plaza sales chart in his office and allegedly dictated priority apartment selections including the ordering of much sought after discount moderate-income units through the developer.

[redacted]
[redacted] recently gave at least \$2,200 to the Mayor's campaigns.

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He also allegedly gave three color television sets, apparently paid for by the company, to the Mayor's campaign headquarters, as well as providing stationery and other assistance to the Mayor's campaign.

[redacted], obtained personal financial assistance from [redacted] including a \$1,000 cash loan. [redacted] also allegedly intervened with [redacted] to help a friend.

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b7C

[redacted] obtain a moderate-income unit, despite her placement far down on a waiting list of hundreds.

[redacted] at one time stayed rent-free in an Oceanside apartment. He paid the rent only recently when that fact became public. A local judge has also ordered [redacted] not to become involved in this matter as there would be the appearance of a possible conflict of interest since he was appointed by the Mayor and because of his close association with him.

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The Mayor and his top aides have dismissed many of the Council's points as inconsequential and have given what they believe are satisfactory explanations. They have challenged the Council's right to probe further and criticized its slow progress. They have blasted the chairman of the Council's special investigating committee for using the probe to further his own political ambitions, it being noted that the chairman has announced his candidacy for mayor to run against the current mayor.

HN 66-

The Council has presented very little and has proven less, except to document that the allocation of the moderate-income units was at least unwisely handled. As a matter of fact, there have been more disclosures through the news media than there have been from the Council's investigative committee. There has been a growing criticism of the grossly negligent manner in which the whole probe is being handled and at times the probbers have been likened to clowns in a three-ring circus.

There have been attempts on the part of some to use and involve the FBI in some way in the Kukui Plaza probe. This whole affair, which is being debated in the newspapers with both sides ridiculing the other and creating such a spectacle, is certainly the last thing that the FBI would want to become involved in. There have been some indications of possible mail fraud connected with this probe, but again this is something that we should not handle since it did not evolve out of a case over which we had primary investigative jurisdiction. Furthermore, for the FBI to involve itself at this point would be extremely undesirable, since the HPD and IRS are already investigating. No one is coordinating the investigations, no one is taking control over what should be sought out, and everybody is just moving helter-skelter in all directions.

On 8/31/76 U. S. Attorney HAROLD FONG telephonically contacted the SAC and advised that [redacted]

[redacted] was in his office discussing a possible violation of the Hobbs Act. Mr. FONG did not furnish any details concerning the complaint but requested that the FBI make arrangements to contact [redacted] and obtain from him the details concerning the allegations relating to this possible violation. From conversation with Mr. FONG there appeared to be no doubt that this was connected with Kukui Plaza and that an attempt was being made to get the FBI involved. Time and time again the various media have called this office and have inquired as to whether or not the FBI has entered the Kukui Plaza probe. There is certainly no room for an investigation when everything is being aired in the newspapers and on television.

On the morning of 9/1/76 an Agent of this office contacted [redacted] and was told that the [redacted]

[redacted] telephonically contacted the Agent and told him [redacted]
[redacted]

b6
b7C

b6
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HN 66-

I promptly contacted U. S. Attorney FONG and related the information to him and told him that this office would not take any further action under the circumstances. USA FONG expressed surprise and indicated that he felt his office was being "used" and that he would not consider any involvement in this aspect. Any further requests emanating from USA FONG that would in any way relate to Kukui Plaza and involve the FBI will promptly be furnished to FBIHQ with appropriate recommendation from SAC.

The actions [redacted] certainly leave doubt about the accuracy of any information received, as well as motive. If there was any real, sincere effort to seek prosecution for a wrongdoing, sending a letter to a newspaper is certainly not the proper way of doing it. It only leads one to believe that this is just another story to generate controversy among the various political factions before election without having to substantiate or verify any of the information.

The Bureau will be informed of any request on the part of the U. S. Attorney to involve the FBI in this matter.

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b7C

UNITED STATES GOVERNMENT

Memorandum

TO : SAC [redacted]

DATE: 9/15/76

b6
b7C
b7E

FROM : SA [redacted]

SUBJECT: Political Corruption
City and County of Honolulu

On 9/15/76, [redacted]
called and made reference to [redacted]

[redacted] b6
[redacted] b7C

[redacted] payoff by the Mayor's
office for a building permit.

In his current call he stated [redacted]

[redacted] b6
[redacted] b7C

When asked for details, [redacted]

[redacted] b6
[redacted] b7C

Suggest no further action until specifics are provided FBI
to determine if this matter is within investigative jurisdiction
of the FBI.

b7E

See [redacted]

62-898-3

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FBI - HONOLULU	



5010-119

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

Kukui Plaza, Fasi & 'friends'

Once again we are all faced with more disturbing revelations about the Kukui Plaza project — this time concerning the flow of money.

And once again the public should be seeking perspective on what this means in relation to Mayor Fasi, his Administration, and his political organization.

It should be disturbing because the pattern that has emerged is one of deals, secrecy, favoritism and perhaps worse — a pattern made possible because Fasi, a self-styled white knight, is in the City's highest office.

At this point, one can still only ask how many other cozy deals on how many other projects have gone on, and at what expense to taxpayers — either directly or through private businesses which pass their costs on to the public. But those are legitimate questions, based on evidence revealed about Kukui Plaza to date.

TAKEN BY ITSELF, Kukui Plaza, a condominium apartment and commercial-space twin high-rise, is a major private development with special public aspects.

The City provided urban renewal land for the project in return for 900 parking stalls whose future seems cloudy and for some lower-cost apartments distributed in a dubious way.

Disturbing questions have been raised about how well the public interest has been protected in this sometimes-secret process that includes documents that cancel each other.

What does seem certain is that the Mayor and his Administration went to great lengths to accommodate a grateful and financially pressed developer who, in turn, favored other friends of Fasi in various ways.

Since this is a \$50 million project, it may be some time before the City Council and other interested government parties discover all the ingenious ways this was done. But, contrary to Fasi assertions, we should be hearing about Kukui Plaza for some time after

the coming election.

WHATEVER might come later, we already have a disturbing pattern of personal involvement among some people close to Fasi.

Harry Chung, Fasi's longtime chief fund raiser and close political adviser, got the no-bid contract for the Kukui Plaza furnishings and another to provide laundry equipment ... Chung's son was selected by the developer to provide a substantial insurance policy ...

The law firm of Paul Devens, a close Fasi aide for years, billed the developer, Oceanside Properties Inc., for \$65,000 for legal services provided a short time after Devens left office as City managing director ...

City Prosecutor Maurice Sapienza, the man whom Fasi wanted to take the investigation away from the City Council and bring it to the grand jury, was shown to have stayed in a rent-free Oceanside apartment two years ago.

And what of Fasi? Well, at the least the Mayor personally picked troubled Oceanside, then headed by an eager and accommodating Hal Hansen, as developer of Kukui Plaza.

We are among those who are frankly amazed at how many of the disturbing revelations of recent weeks have "surprised" this Mayor who prides himself on efficiency, tight control of details and getting things done.

SO PUTTING Kukui Plaza in perspective also involves an attempt to put Frank Fasi and his record in perspective.

Obviously, Fasi has accomplished things during two four-year terms in office, and he has done it with a style and flair for publicity that is the envy of less flamboyant politicians.

Besides some deplorable hacks and cronies, there are some very good people in City government. City services are generally good, and there have been admirable innovations.

Contrary to what the Mayor and

(Indicate page, name of newspaper, city and state.)

THE SUNDAY ADVERTISER
HONOLULU, HAWAII

PAGE E-2

Copy to Bureau
9/27/76 ✓
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Date: 9/26/76
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CITY & COUNTY OF
HONOLULU
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or
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SEP 27 1976

FBI - HONOLULU

66-244-582

some of his letter-writing friends keep saying, these pluses have not only been publicized but often praised in The Advertiser.

For example, on relatively minor matters, we recently editorially praised the Mayor for his stand on the Makiki library and on the beautification program near City Hall.

More important, we have stood with and fought for the City Administration's position favoring rapid transit, an area where Fasi has done well following in the footsteps of the late Mayor Blaisdell.

We have also praised Fasi for opposing the planned H-3 freeway and joined him in criticism of some other State projects.

AT THE SAME time, we have opposed Fasi's old super-growth proclivities, his antagonism to the tourism industry, and on such matters as the box office mess at the Blaisdell Memorial Center, which was then the Honolulu International Center and headed by Fasi political crony Matt Esposito.

Over the years, some of Fasi's fund-raising methods have also been disturbing, although some might say his very productive arm-twisting was just accompanied by an annoying "good-guys" and "holier than thou" posturing.

In addition, we also think that Fasi has picked on the press here for reasons similar to those that led President Nixon to unleash Spiro Agnew against the media a few years back — because they were a popular target and one good to have on the defensive, while the public was diverted from the real issues.

But those might be called natural differences of emphasis, opinion or political tactics.

KUKUI PLAZA is something far more disturbing.

'Mr. Clean.'



Some of the wheeling and dealing that went on may have been illegal. Time may tell on that.

Regardless, the pattern of government-private dealings shown so far is obviously wrong. It is immoral. It is a white suit with a bad smell underneath.

Moreover, that pattern has emerged in the Fasi years. If he can take credit for redoing the bus system, he must also take "credit" for his buddies, the Harry Chungs, Hal Hansens, Matt Espositos, etc. They have been with him a long time, he helped put them in

favored positions and he cannot disengage himself from them.

NOW THE MAYOR is running not just for reelection but with the clear plan to seek the governorship again in two years.

It seems to us the people of Oahu have to look beyond the "Thank you, Mr. Mayor" ads and testimonials from friends.

They have to ask themselves if what the Kukui Plaza controversy has shown represents the kind of system the kind of values, we want now or for our children in years ahead.

(Mount Clipping in Space Below)

U.S. steps up Kukui probe

By JAMES DOOLEY
Advertiser Government Bureau

A full-scale Federal grand jury investigation into the Kukui Plaza project and branching into "other aspects of City government" is set to begin Friday. The Advertiser has learned.

The inquiry is expected to last "from six months to a year," and is based on several months of preliminary spadework conducted primarily by the Internal Revenue Service, sources said.

At least two witnesses have been subpoenaed to appear before the Federal panel Friday—Joe Zbin, former vice president of Oceanside

Properties, Inc., the Kukui Plaza developer, and Marty Plotnick, chief of the City Council's Kukui Plaza investigative committee staff.

Beside Kukui Plaza, the "other aspects" of Mayor Frank Fasi's Administration to be examined reportedly include activities within the City Auditoriums Department, the Contract Division of the Finance Department and the Honolulu Liquor Commission.

Evidence concerning these agencies was turned up during the preliminary Federal investigation into Kukui Plaza, according to sources.

U.S. Atty. Harold Fong confirmed yesterday that an investigation of

(Indicate page, name of newspaper, city and state.)

THE HONOLULU ADVERTISE
HONOLULU, HAWAII

PAGE A-1, A-7

Copy to Bureau
Date 10/27/76
Sender SP

Date: 10/27/76
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Author: JAMES DOOLEY
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Title: POLITICAL CONDITIONS
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FBI - HONOLULU	

Kukui Plaza is under way but declined further comment. There were indications that Friday's scheduled grand jury proceeding was precipitated by City Prosecutor Maurice Sapienza's abortive attempt last week to take Kukui-related testimony before the Oahu grand jury.

The U.S. Justice Department had intended to begin Federal grand jury proceedings involving Kukui Plaza next month, sources said.

But the schedule was moved up because of concerns that any move by Sapienza to take the Kukui case to the local-level grand jury might "interfere jurisdictionally" with the

Federal probe, one official said. The Advertiser also learned yesterday that the Federzi Organized Crime Strike Force, which had some early involvement in the Kukui Plaza controversy, is no longer connected to the case.

The matter is being handled solely by Fong's office, Michael Sterrett, strike force attorney, said yesterday.

Sterrett is in Honolulu handling the prosecution of alleged underworld figure Earl Kim on Federal gambling charges.

The Kukui Plaza controversy began late last March after accounts in The Advertiser detailed financial

concessions granted Oceanside by the City.

Subsequent news accounts showing business connections between Oceanside and political associates of Fasi sparked the current City Council investigation of the \$50 million urban renewal project.

Three witnesses who have appeared before the Council to give Kukui related testimony have been under Federal subpoena since late April.

The subpoenas were issued by Sterrett's office after the three individuals were taken there by Council special attorney Brook Hart to brief Sterrett on their knowledge of the project.

The three individuals are Zbin, former Oceanside executive secretary Eleanore Shinno and painting and waterproofing contractor Stamatios "Mike" Mertyris.

It was Mertyris' testimony to the Council last week that prompted Sapienza's move to the grand jury Wednesday.

Mertyris, a subcontractor on the Kukui project, said that last year he discussed with then-Auditoriums Department director Matt Esposito the possibility of receiving a City job contract priced at \$10,000 above its actual value.

The work was never done, although Mertyris said that he did about \$800 to \$1,000 worth of work free of charge at a Young Street hostess bar owned by a close friend of Esposito's as a demonstration of the type of work he would do for the Auditoriums Department.

The day after he testified, Mertyris, along with Zbin, Esposito and Myong Soon "Naomi" Han, owner of the Young Street bar, were subpoenaed by Sapienza to appear before the Oahu grand jury.

Minutes before the first testimony was to be taken, however, the State Attorney General's Office won a temporary injunction halting the proceedings.

A full hearing on that matter is scheduled for 8:30 a.m. tomorrow before Circuit Judge Walter Heen.

Atty. Gen. Ronald Amemiya ordered Sapienza not to proceed in matters directly or indirectly involving Kukui Plaza.

Amemiya made the unprecedented move based on untested authority under State law and the City Charter recognizing him as the State's chief law enforcement officer.

Yesterday the City Corporation Counsel's Office, representing Sapienza, filed with Heen's court a memorandum arguing that Amemiya has no authority to "interfere" in the activities of Sapienza's office. The Corporation Counsel's Office served a notice on Amemiya to take an oral deposition from him this afternoon concerning last week's move.

Meanwhile, the Council has scheduled another Kukui hearing for 1:30 p.m. today in the committee room on the mezzanine level of Honolulu Hale.

Also on the Kukui front yesterday, the State Supreme Court heard arguments pro and con on whether former Oceanside president Hal J. Hansen Jr. should be compelled to comply with Council subpoenas for Kukui testimony.

Circuit Judge Norito Kawakami has already ordered that Hansen comply with the subpoenas, but that order is under appeal to the Supreme Court.

Yesterday's arguments concerned whether that order should be stayed until the appeal is heard.

Hansen's attorney John Hoskins told the court that the Council's Kukui inquiry is criminally rather than legislatively oriented.

Hoskins argued that Hansen should have the right to discover the Council's motivation for the investigation before he is required to appear before the Council.

Council attorney James Leavitt argued that the Kukui probe falls within the legislative powers of the Council and that Hansen should be required to testify.

He said Hansen's refusal to appear before the Council has thwarted the investigation for five months.

The sooner Hansen testifies, Leavitt said, the sooner the Council's probe will be concluded.